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EEC at odds over sanctions on South Africa, Page 2

World news

Guilty verdict on Brighton bombing

Belfast-born Patrick Magee was found guilty by a jury at London's Old Bailey of planting the bomb that exploded at the Grand Hotel in Brighton at the 1984 conference of the ruling Conservative Party. The bomb killed five people.

Magee did not give evidence at the trial, nor did he call witnesses.

The jury was guarded overnight at a hotel. It still has to give verdicts on Magee and four others on charges of conspiring to cause explosions in London and 12 coastal towns last summer.

Ministers quit

Austrian Foreign Minister Leopold Gratz and Agriculture Minister Günter Haiden said they would not be joining the Government to be formed by Franz Vranitzky next week.

Gulf tankers hit

Two Liberian-flag tankers were ablaze in the Gulf after Iraqi attacks. They were the 155,887 tonnes Medusa, and the 105,163 tonnes Energy Mobility.

Honour for Geldof

The pop singer Bob Geldof, an Irish national, has been made an honorary knight for his work for famine relief in Ethiopia and elsewhere. He will not be styled Sir Bob, but Mr Bob Geldof KBE.

Aspirin withdrawn

Aspirin-based products for children are being withdrawn from sale in Britain because of a possible link with a rare but usually fatal disease. Page 6

Air fares approved

Virgin Atlantic and People Express, two cheap-fare airlines on the North Atlantic route, were given approval to offer passengers £56 ($84) and £66 single fares respectively between London and New York. Page 6

Chemical weapon ban

West German Foreign Minister Hans-Dietrich Genscher said he believed a worldwide ban on chemical weapons could be agreed within the next 18 months.

India cricket win

India beat England by five wickets in the first Test, their first win at Lord's. Mike Gatting takes over from David Gower as England's captain for the remaining two matches of the series.

N-power watchdog

International Atomic Energy Agency, UN's nuclear watchdog body, is to discuss boosting its budget from $6m to $11m in 1987-88 for inspecting nuclear plants in the wake of the Chernobyl reactor accident.

Nuclear model

France's Atomic Energy Commission inaugurated a model of a nuclear reactor that will allow scientists to simulate and study nuclear accidents.

Chernobyl hide out

Two old women have been found hiding in their homes in Pripyat, the town closest to the Chernobyl power station, a month after the nuclear accident there, a Soviet newspaper reported.

Guerrillas 'ready'

West Germany's left-wing Red Army Faction urban guerrillas have increased their strength and are in a position to mount a new campaign of bombings and shootings, the Bonn Government said.

Kidnappers jailed

A Spanish court condemned four members of the urban guerrilla group Grapo to 10 years imprisonment for kidnapping José Maria Montobbio, a Catalan lawyer.

Business summary

Britain freezes bid by LIG

BRITAIN referred hostile bid by London International Group for china maker Wedgwood to Monopolies and Mergers Commission but allowed several other bids, including Dixons' offer for Woolworth Holdings in the retail sector, to proceed. Page 20

MILAN bourse downturn halted after Bruno Visentini, finance minister, ruled out early moves to tax share profits. Page 42

WALL STREET: The Dow Jones industrial average closed 2.96 down at 1,837.19. Page 42

LONDON was unsettled by the overnight drop on Wall Street and poor UK money statistics. The FT Ordinary index dropped 15.1 to 1,314.4 and the broader-based FT-SE 100 index fell 18.2 to 1,586.4. Page 42

TOKYO recovered from a sharp early fall. The Nikkei market average closed 40.65 down at 16,967.69. Page 42

DOLLAR fell in London to DM 2.2185 (DM 2.2355); FFr 7.0725 (FFr 7.12); SFr 1.827 (SFr 1.844) and Y166.85 (Y167.85). Its exchange-rate index was 115.4 from 115.0. Page 35

STERLING rose in London to $1.518 ($1.498). It also rose to DM 3.3675 (DM 3.35), FFr 10.735 (FFr 10.665), SFr 2.7725 (SFr 2.7625) and Y253.25 (Y251.5). The pound's exchange-rate index rose to 75.9 from 75.5. Page 35

GOLD rose $7 on the London bullion market to close at $349.00. It also rose in Zurich to $348.25 ($342.00).

In New York the Comex August settlement was $351.20. Page 34

US INSURANCE industry faces pressure from state governments to reduce insurance premiums or limit rate increases in return for reforming local tort laws, which have often led to skyrocketing legal awards against insurance companies. Page 4

HUNGARY'S hard-currency reserves rose $300m to a record $3.8bn in the first quarter of this year and were proof of continued confidence in the economy, according to a senior Hungarian banker. Page 2

SWISS Parliament ordered Government to reverse a massive and unpopular rise in tax on heating oil and gas imposed in February as crude-oil prices fell.

NEW ZEALAND Government has introduced legislation abolishing sales tax on hundreds of items and commodities.

CHINA'S first offshore oilfield, in South China Sea, will come on stream in early August. Page 34

UK EMPLOYMENT: Between 10 and 15 per cent of Britain's workforce will be using an electronic office at home by 1995, a study claims.

AUSTRALIA'S National Companies and Securities Commission has been censured by a court for its declaration that share purchases in BHP by Equiticorp Tasman Group constituted unacceptable conduct. Page 22

BANK Of JAPAN deputy governor said further expansion of Japanese financial operations abroad depended on foreign banks' being accorded greater freedom in Japan. Page 22

SVENSKA HANDELSBANKEN, Sweden's second largest commercial bank, boosted group operating profits 80 per cent in the first four months. Page 21

AKZO, Dutch chemicals and fibres group, is taking a 50 per cent stake in Industrias Quimicas Procolor, the paint division of the Madrid-based Uralita group. Page 21

ALFA ROMEO Italian state-owned car maker in which Ford of US has expressed interest in buying a stake, last year increased its losses by 150 per cent. Page 21

PEUGEOT, French private-sector group, is increasingly concerned over government plans to bail out Renault, the troubled state-owned motor manufacturer. Page 21

Sponsors likely to outscore Mexico in World Cup revenue

IT HAS been the proud boast of the organisers of the World Cup currently taking place in Mexico that this is the first time the world's biggest sporting event has been put on by the private sector, following in the commercial tradition established by the Los Angeles Olympic Games in 1984, writes David Gardner in Mexico City.

But expectations that the tournament will rival the financial success of the last Olympics are misplaced, according to Mr Klaus Hembel, president of ISL Marketing, the Lucerne-based company that has the marketing rights to the World Cup. "The Los Angeles Games' $150m profit will exceed total revenue from this World Cup," he says, "and possibly even double it."

It is not immediately clear why that should be so, particularly since the 52 soccer matches are expected to attract a cumulative total of 12bn television viewings, the largest audience in TV history.

The organisers, furthermore, have categorically refused to elucidate the tournament's complex and bitty finances. Mr Guillermo Cañedo, president of the World Cup Organising Committee, told a press conference shortly before the Cup began that he had no intention of providing any financial information either before, during or after the event, since that was the sole concern of those who had paid for it.

So who does finance the World Cup, and who stands to benefit – a question of particular interest in the Mexican case given the country's virtual insolvency?

The financial players can be divided initially into four main groups: the Government of Mexico, as host country; Fifa, the international football federation, with overall responsibility for staging each World Cup; the Mexican World Cup organising committee, which in practice has executive responsibility; and Telemexico, in which Televisa, the powerful private TV monopoly, has a 75 per cent stake.

The Mexican Government has attempted to minimise its involvement, and its outlay, unlike the last time Mexico staged the World Cup in 1970. Indeed, when Colombia passed over the chance to host the Cup for financial reasons, the Mexican Government agreed to step in largely because most of the costly infrastructure was already in place from 1970.

The Government's main direct cost has been security, which it has almost certainly understated at 2bn pesos ($3.7m). The cost of bringing telecommunications up to scratch is not directly attributable to the World Cup. Last September's earthquakes brought down the nerve centres of Mexico's telecommunications and the Government had thus already incurred the cost of rebuilding them.

Although the Azteca stadium in Mexico City, where the finals will be played, is owned by Televisa, many of the other 11 stadiums are wholly or partly publicly owned. Local and state governments have helped to finance refurbishment and expansion and to build the one new stadium needed.

The state will get trickles of income from, for example: the commemorative coins minted for the cup (Televisa had originally expected the lion's share of earnings from these); from the state TV network Imevision's 25 per cent stake in Telemexico; and from the extravagant telephone charges being levied. It costs around $900 to rent a press box phone for a match, more than eight times the rate at the last Cup in Spain. It is not clear whether the state will get a proportion of ticket sales.

But the Government's main interest is in generating tourism revenue, part of its attempts to offset the collapse in oil revenue, which will this year cost it about $8bn.

The World Cup will contribute an extra $40m-$60m to this year's tourism earnings, not the always fanciful $300m being mooted until very recently. For the longer term, the Government got Telemexico to write into all contracts with foreign broadcasters the obligation to show five minutes of tourism appetisers before each game.

What big money there is will be divided up largely between Fifa, the organising committee, and Televisa, organisations that in practice are cosily linked.

Mr Cañedo, for example, as well as being president of the organising committee, is vice president of Televisa, vice president of Fifa and president of OTI, the Latin American Broadcasting Federation, which feeds the Cup's second largest audience after Western Europe. Links also exist outside the Cup proper.

Mr Emilio Azcarraga, Televisa's president and majority shareholder, helped Mr Joao Havelange, the

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Mexico debt problem, Page 4

Tokyo asks car groups to limit sales to EEC

BY CARLA RAPOPORT IN TOKYO AND QUENTIN PEEL IN BRUSSELS

JAPAN'S car exports to the EEC have nearly doubled in the first five months of this year, prompting Tokyo's Ministry of Trade and Industrie (Miti) to urge the country's car makers to restrain their exports.

In the first four months, Japanese car exports to EEC countries rose 92 per cent by value to $1.64bn compared with a year earlier. In May, exports more than doubled to $424m compared with the year-ago period.

Miti officials said they issued their warning after meetings with EEC officials in Tokyo at which a variety of export goods are monitored.

"We did not mention any concrete figure. We just said it was too much, so take note," said Mr K. Omichi, of Mitis Machinery and Information Industries' Bureau yesterday. The Miti officials hinted that the EEC had indicated it would like to see export growth limited to 10 per cent.

However, EEC officials in both Japan and Brussels strenuously denied that any specific target had been mentioned or that they had sought any controls. The European Commission said that any action by the Japanese was unilateral and not in response to any requests from the EEC. Brussels was more interested in Japan providing easier access to its domestic market, said an official.

This was why the EEC allowed a Japanese export moderation agreement – which monitared sensitive goods such as TVs, video-cassette recorders, cars and commercial vehicles – to lapse at the end of last year.

It had imposed no numerical restriction on cars, as France and Italy have unilateral import controls while the UK has a gentlemen's agreement restricting the Japanese to 11 per cent of the car market.

Miti's caution is likely to be taken seriously by Japan's manufacturers because even informal guidance from the ministry is usually acted on.

Miti said the manufacturers' response had been divided and it might be necessary to talk to them again. An official of Nissan, Japan's second largest car maker, said that his company's European exports had increased by 26 per cent in the first four months of the year because of sharp increase in demand.

"We would like to comply with the (Miti) request because we would like to avoid trade friction," the company said.

Nevertheless, the Japanese manufacturers, now struggling to make profits on their North American sales following the yen's 30 per cent rise against the dollar, have been reorientating their sales efforts towards Europe for some time.

Last year they took a record 10.8 per cent share of the 16 main West European markets, representing 1.4m cars. In unit terms this was a 100,000 vehicle increase on the previous year.

Their most significant gains have been in West Germany, where sales reached a record 316,600 cars last year compared with 288,200 in 1984.

DRI Europe, the mutor industry analysts, forecast that in the absence of any constraints, 15 per cent of the West European market could fall to the Japanese by the end of the decade.

Japan's hold on van market, Page 5

UK would back trade retaliation against US

By David Marsh in Paris

BRITAIN yesterday supported French calls for prompt countermeasures against the US should the Reagan Administration, as planned, bring in trade restrictions on Community products on July 1.

The danger of an escalating trade war between the US and the EEC, centring on treatment of US farm exports to Spain and Portugal, was clearly spelled out yesterday by Sir Geoffrey Howe, the British Foreign Secretary.

Speaking after a meeting at Celle Saint Cloud, west of Paris, with Mr Jean-Bernard Raimond, the French Foreign Minister, Sir Geoffrey said it would be "far better" if current trade disagreements between the US and EEC were settled through talks under the General Agreement on Tariffs and Trade.

But if the US stuck to its intention of bringing in restrictions next month to retaliate against new barriers on grain exports to Spain, Europe would have to find an "equivalent response" through countermeasures, Sir Geoffrey said. The EEC position needed to be "clear and firm," he added.

Until now, France has come out clearly in favour of immediate countermeasures if the US acts. Britain, which takes over presidency of the European Council on July 1, has proposed a more conciliatory line.

Yesterday, however, Sir Geoffrey said there was no "real difference" between Britain and France over the issue. He said the US should be willing to pay "a certain price" as had the other members of the EEC – for the enlargement of the Community. Accession of Spain and Portugal had extended the area of democratic union in Europe, which had always been a US objective, Sir Geoffrey pointed out.

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Montedison may buy stake in Fermenta

BY KEVIN DONE IN STOCKHOLM AND ALAN FRIEDMAN IN MILAN

MONTEDISON, the diversified Italian chemicals, pharmaceuticals and services group, is expected to begin formal negotiations shortly for the acquisition of a substantial minority stake of around 25 per cent in Fermenta, the Swedish biotechnology and chemicals group.

The move by Fermenta to ally itself with the Italian chemicals group comes only 3½ months after the collapse of its controversial plans for a far-reaching pact with Volvo, under which Sweden's leading industrial group would have taken a stake of some 25 per cent.

The deal with Monedison might be worth at least $250m to $300m. A letter of intent to begin formal negotiations is expected to be signed shortly and might be announced on Friday, when Fermenta is to hold its annual meeting.

It emerged yesterday that a delegation from Montedison has been in Stockholm in recent days carrying out a feasibility study designed to explore areas of collaboration with Fermenta.

In Milan yesterday for the annual meeting of Pierrel, Fermenta's majority-owned Italian pharmaceuticals subsidiary, Mr Refaat el-Sayed the company's majority shareholder, confirmed that Fermenta was still seeking a strong industrial partner in the wake of the breakdown of the deal with Volvo.

The mercurial Egyptian-born entrepreneur, who currently controls around 80 per cent of the votes and 43 per cent of the equity in Fermenta, said: "I would like to find an accord with a large company operating in our field and able to increase production capacity and contribute to the technological side of Fermenta. I am not searching for a financial partner."

Fermenta, one of Sweden's fastest growing companies, was plunged into crisis earlier this year, when it was disclosed that Mr el-Sayed, at that time the chief executive, had lied to investors about his academic credntials as a microbiologist.

Two weeks ago the company came within a hair's breadth of being expelled from the Swedish stock exchange for what the authorities claimed were "inexcusable" breaches of bourse rules.

The authorities delivered a stinging critique of Mr el-Sayed's management style, claiming that on several occasions he had issued selective financial information about the company's earnings prospects in clear contravention of stock exchange regulations.

The stock exchange said that one of the chief reasons that it stopped short of ordering the expulsion of Fermenta was a pledge from Mr el-Sayed and from Fermenta that his influence in the company would be reduced.

It spoke of "well advanced plans to reduce Refaat el-Sayed's shareholding in the company so that he would no longer be its biggest shareholder."

Since Mr el-Sayed took over Fermenta at the end of 1981 he has increased sales from SKr 95m in 1982 to SKr 1.639bn ($228m) last year. In the same time, profits, after financial items, soared from SKr 3m to SKr 320m in 1985. For 1986 it has forecast sales of SKr 3bn and profits (before minority interests) of

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Share market reaction, Page 42

SA unrest boosts gold and platinum

By Stefan Wagstyl and George Graham in London

PLATINUM prices leapt in London yesterday to their highest levels since September 1983 as investors reacted to renewed fears that political unrest in South Africa might interrupt supplies.

The rise in platinum, which was fixed at $440.25 an ounce – up $17.75 on the day – was partly matched by gold, which climbed $7 to close at $349 an ounce.

The London markets were, in effect, catching up with a surge in buying that started in New York late on Monday, where the price of platinum rose $25 to $446.8 an ounce for July delivery and gold jumped $9.4 to $354.2 for August metal.

Meanwhile share prices tumbled in London as the market took its lead from the sharp overnight fall on Wall Street. The London market fell sharply in the morning and a strong recovery was killed off by the announcement of very rapid growth in the UK money supply.

The combination of Wall Street's plunge and poor money-supply figures – which doused hopes of any immediate cut in UK interest rates – was too much for institutional investors, who had already been complaining of shortages of spare cash.

The announcement of a £62m ($92m) rights issue by Costain, the British construction group, was a further blow to investors' confidence.

Rights issues, share placings and forthcoming privatisations are together using up much of the institutions'

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US Democrats back tougher sanctions against South Africa

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US House of Representatives' foreign affairs committee yesterday voted in favour of tougher economic sanctions against South Africa.

The committee voted 25 to 13 in favour of a bill to ban all new US investment in South Africa and extend to the private sector the existing ban on loans to the Pretoria Government. A floor vote by the full Democrat-controlled house could come as early as next week.

While Mr Tip O'Neill, the Democrat House speaker, has predicted that the legislation would "sail right through" the House, it faces a less certain future in the Republican-led Senate, which has been more reluctant to impose tough economic sanctions.

The Senate has yet to consider the legislation, which would also prohibit US imports of South African uranium, coal and steel, and bar South African Airways from landing in the US.

US computer companies would be required to stop doing business in South Africa after a year if the Government had not either dismantled apartheid or released all political prisoners and opened negotiations in good faith with black leaders.

The Bill would also specifically prohibit US companies from helping to expand South Africa's energy resources by participating in the country's coal gasification programme. In June 1988, President Ronald Reagan would be required to decide whether complete US divestment from the country was warranted by lack of progress towards reform.

Last September, Mr Reagan preempted a congressional bid to impose sanctions by introducing a milder series of measures by executive order. These included the ban on new bank loans to the Government and restrictions on exports of US computer and nuclear technology.

Patti Waldmeir, in Cape Town, adds: In an apparent attempt to discredit the Commonwealth peace initiative, the South African Government leaked correspondance between Foreign Minister Mr Pik Botha and the Commonwealth negotiating team, which accuses the team of taking sides "on the question of the cessation of violence as a precondition to negotiation.

In a letter sent yesterday to Mr Malcolm Fraser, the former Australian Prime Minister, and Mr Olusegum Obasanjo, the former Nigerian leader, co-chairmen of the Eminent Persons Group, Mr Botha makes clear that the issue of the suspension of violence was a stumbling block in the group's efforts to initiate a peace dialogue between Pretoria and the African National Congress.

EEC at odds on sanctions, Page 2; Fighting near Cape Town, Page 3

CONTENTS

Pressure for new South Africa sanctions puts EEC at odds

PRESSURE FOR further economic sanctions against South Africa will increase tomorrow when the Commonwealth Eminent Persons Group (EPG) publishes its report on its failure to initiate a dialogue between black and white in the republic.

Commonwealth leaders are expected as a result to call for sanctions and are likely to urge members of the European Community to join them. Opinion within the Community is divided, however, with Britain, France and West Germany leading the opposition to fresh measures. FT correspondents report from the main centres.

● *EEC states agreed on a joint policy of limited economic and diplomatic sanctions last September — although Britain was the last to fall in line, two weeks later,* **writes Quentin Peel in Brussels.**

The measures included both "positive" and "negative" actions — the former intended to support anti-aparatheid organisations, the latter to put direct pressure on the Government.

Most of the restrictive actions were already being implemented by a majority of member states at the time, such as an embargo on the import and export of militry and para-military equipment; refusal to co-operate on military questions; cessation of oil exports to South Africa; ending exports of "sensitive equipment" destined for the police or armed forces (such as computers); prohibition of all new nuclear collaboration.

The Twelve agreed to discourage cultural and scientific agreements, except where they "contribute towards ending apartheid or have no possible role in supporting it." The most contentious question was the decision to withdraw military attaches, which was particularly objected to by Britain and Portugal.

Positive measures included programmes of assistance to "non-violent anti-apartheid organisations" — although officials in Brussels say there has been resistance from organisations like black trade unions to taking any financial support from the EEC governments unless they take more drastic sanctions.

● Britain has considerably more at stake than any other member of the EEC should economic relations with South Africa be disrupted, **writes Michael Holman, Africa Editor.** The Republic is the UK's 12th largest export market (1984 exports R1.1bn, imports R2.4bn), represents between 7 and 10 per cent of UK foreign investment (£12bn) and some 400 companies quoted on the London stock exchange have one or more South African subsidiaries.

A total trade embargo could cost Britain jobs, although estimates vary from Anti-Apartheid Movement's 10,000 to the 250,000 forecast by the UK South Africa Trade Association.

Three of the sanctions put forward for consideration by Commonwealth leaders—bans on tourist promotion and imports of fruit and vegetables, and the suspension of air links —would have a marked impact if applied by Britain.

● The West German Government is unlikely to be moved by calls for sanctions, **writes Peter Bruce in Bonn.** While Mr Hans Dietrich Genscher, the Foreign Minister, might like Bonn to get tougher with Pretoria, his influence is more than cancelled out by the very active lobbying on South Africa's behalf of Mr Franz Josef Strauss, the Bavarian premier and leader of one of the junior parties in Chancellor Helmut Kohl's coalition.

Industry would also fight the imposition of economic sanctions tooth and nail. West Germany's £2bn investment in the republic is third only to that of the US and Britain and the country's engineering, motor vehicle and electrical goods industries exported goods worth some DM 6.6bn (£1.75bn) to South Africa in 1984.

● Italy would adhere to any position on sanctions against South Africa that was agreed by the foreign ministers of the European Community, **writes James Buxton in Rome.**

Mr Giulio Andreotti, Italy's Foreign Minister, participated in the EEC foreign ministers' mission to South Africa last September which came down against the idea of sanctions. In line with UN resolutions, Italy earlier this decade imposed an embargo on sales of military equipment to South Africa.

Italian exports to South Africa amouted to only L523bn (£227m) against imports of L2,914bn in the first 10 months of 1985. The largest single South African export to Italy is coal.

● *President Francois Mitterrand and Mr Jacques Chirac, the French Prime Minister, are at odds over the question of sanctions,* **writes Paul Betts in Paris.**

Mr Chirac recently criticised strongly the imposition of economic sanctions, claiming that such measures were essentially aimed at "appeasing the conscience of the rich and privileged." They were unfavourable to African populations and of little use except to help satisfy Western opinion.

His attitude is diametrically opposed to President Mitterrand's and that of the former Socialist government led by Mr Laurent Fabius. Indeed, it was Mr Fabius who pushed France to take tough action against Pretoria last summer

● Denmark has taken the lead with the severity of its sanctions, **writes Hilary Barnes in Copenhagen.** From the end of this year it has banned "all trade in goods and services" between the countries, with the exception of the export of medicine.

Denmark's imports have up to now included 3m tonnes of coal a year, which in 1985 accounted for about 90 per cent of Denmark's imports from South Africa worth DKr 1.6bn (£127m). Exports to South Africa lost year totalled DKr 670m and covered a wide variety of products.

● *Ireland, which has already taken steps to ban imports of South African fruit and vegetables, would certainly support any Community-wide move to impose economic sanctions,* **writes Hugh Carnegy in Dublin.**

The fruit and vegetable ban—fully effective from next January—was the first such move by an EEC country and reflected strong anti-apartheid public

Tougher action might have been taken but for EEC policy and concern over breaking Gatt rules. Exports to South Africa total about I£40m (£36m) compared with imports worth I£20m.

● The Belgian Government belongs to the camp of those opposed in principle to the implementation of far-reaching economic sanctions, on the grounds that they prove ineffective, **writes Our Brussels Correspondent.**

It goes further than some member states, however, in having a freeze on inter-governmental agreement and official contacts (like Denmark, France and the Netherlands), and refusing visas to South African teams or individuals intending to compete in international sporting events.

Belgian companies have strong traditional links, often through their former connections in Zaire, while the Antwerp diamond market is a major customer for the sales of diamonds mined by De Beers.

● "When the EEC meets next week in Paris we're going to be supporting continued pressure on the South African Government." A spokesman at the Spanish Foreign Office said yesterday, **writes Tom Burns in Madrid.**

If continued pressure involves further sanctions, Spain is likely to be supportive.

● More than 700,000 Portuguese citizens live in South Africa, **writes Diana Smith in Lisbon.** Their future weighs on Portuguese governments who worry not only about their citizens' safety but about the domestic impact of the return from South Africa, should there be bloodshed there, of hundreds of thousands of emigrants.

The government, therefore, has never initiated sanctions, but it agrees, with the reservation that it is not sure that sanctions are the best formula, to follow the decision of the EEC

● The Netherlands has condemned apartheid for the past 25 years and called intermittently for economic sanctions, **writes Laura Raun in Amsterdam.**

The Hague strongly supports the EEC measures agreed last September and the promise to add more if results fail to materialise. As EEC president, the Government proposes to review the Luxembourg package during the EEC summit

It is stopping short of advocating economic sanctions and is only aiming for a consensus among the Twelve. That is because a major stumbling block for the Dutch is a tightening of the EEC ban on oil exports to South Africa. Crude oil almost certainly is trans-shipped to South Africa via Rotterdam, while Royal Dutch/Shell has a sizeable presence in South Africa.

● Greece declares itself opposed to any discrimination on racial, religious or social grounds, hence to apartheid, **writes Andriana Ierodiaconou in Athens.** But it aligned itself with fellow member states of the EEC over sanctions

There is a Greek special interest in South Africa in the shape of 130,000 strong Greek-origin expatriate community

Soviet industrial output is well above target

BY OUR MOSCOW CORRESPONDENT

SOVIET INDUSTRIAL output grew by 5.7 per cent in the first five months of the year compared with the same period in 1985, according to preliminary figures.

The increase marks a small slippage in the rate of growth seen earlier in the year, but it is still well above the 4.3 per cent increase in industrial output planned for 1986.

The growth rate is likely to drop further because bad weather at the beginning of 1985 depressed industry.

The preliminary figures, published in the daily Socialist Industry, said that labour productivity was up by 5.3 per cent over the same period compared with 4.1 per cent in the plan.

A main theme of current Soviet development is to raise productivity

Strikes erupt again in France

BY DAVID HOUSEGO IN PARIS

BUS AND METRO (underground) services are expected to come to a virtual halt in Paris today as the result of a strike that reflects a renewed burst of labour unrest after a long period marked by a virtual absence of labour conflicts.

Nationwide stoppages by electricity, gas, and railway workers as well as for other public employees have also been announced for later this week. Only 10 days ago railway workers staged a one-day strike on main and suburban lines.

Today's strike is over announced cuts in the workforce of the Paris métro and bus network and reductions in operating and investment expenditure in line with the conservative administration's intention of cutting public sector deficits. Mr Jacques Chirac's Government has called for the abolition of 200 planned new jobs and for FFr 280m ($39.3m) expenditure cuts this year.

Mr Claude Quin, the former head of the RATP, which runs Paris's bus and métro services, who is a member of the Communist party, was dismissed last week after refusing to implement the cuts.

Among railway and gas and electricity workers, the stoppages are in protest at both the freeze on salaries announced for the public sector this year and proposed cuts in the workforce.

The strikes come after a year in which labour conflicts in France dropped to a record low and mark the first clash between the unions and the right-wing Government

Muscovites take dim view of sunny Soviet republic

BY PATRICK COCKBURN IN MOSCOW

RUSSIANS ENVY the prosperity of the 5m inhabitants of the southern republic of Georgia stretching from the Black Sea into the southern folds of the Caucasus mountains.

This envy is caused by the belief that Georgians, warmed by a Mediterranean climate at this time of year, have access to all the luxuries other Soviet citizens lack. Russians express this jealousy in numerous anti-Georgian jokes.

One Russian anecdote tells how President Ronald Reagan met Mr Eduard Shevardnadze, Georgian leader for 13 years until appointed Soviet Foreign Minister in 1985. Seeking to demonstrate the superiority of the US system, the President says: "In the US every family has one or two cars."

"In Georgia, also," responds Mr Shevardnadze, "every family has one or two cars."

"But in the US every family also has one or two houses," continues Mr Reagan. Mr Shevardnadze replies that in Georgia people are similarly well endowed.

"Why do you keep talking about Georgia? What about Russia?" asks the President.

"Look," replies Mr Shevardnadze in exasperation, "I haven't asked you about the negro question so don't ask me about the Russians."

Envy of Georgia is exacerbated by the conviction that much of its wealth is dishonestly acquired. There are stories of whole Aeroflot aircraft being chartered to fly mimosa blossom to Moscow to be sold for vast profits. Soon after he became Georgian leader in 1972, Mr Shevardnadze himself said: "We Georgians, a people of farmers, heroes and poets, have become thieves, cheats and black marketeers."

Despite all his efforts to root out dishonesty, Georgia has retained its reputation for corruption. Periodical scandals surface in the press. Mr Dzhumber Patiashvili, who succeeded Mr Shevardnadze, gave a list at the Georgian Communist Party Congress in February of past leaders who have been dismissed.

"Bribery and careerism are closely interwoven and merge with toadying, servility, flattery and hypocrisy," he warned delegates.

This is rough stuff even by the standards of the clean-up campaign launched by President Yuri Andropov after the death of President Leonid Brezhnev in 1982 and continued by Mr Mikhail Gorbachev.

Presumably, Mr Patashvili's denunciation is deserved, but it is doubtful if Georgia, is quite the thieves' kitchen it is imagined by most people in Moscow.

It is rather an illustration of an important theme in present-day Soviet politics. This is the resentment felt by Russians about the prosperity of the republics on the periphery of the Soviet Union. The three Baltic republics, the Caucasian republics of Georgia, Azerbaijan and Armenia and the five in Central Asia have all sucked in investment since the second world war, while people in the industrial belts in the provinces around Moscow feel left behind.

Georgia has become a popular symbol of this resentment. Its climate is almost Mediterranean and spring comes in Tblisi, the capital, when the streets of Moscow and Leningrad are still lined with snow. The republic is an important producer of tobacco and tea and most farmers have a small vineyard for making their own wine.

Car ownership, while not as extensive as imagined by Muscovites, is 55 per 1,000 inhabitants, compared to an average of 40 per 1,000 for the country as a whole.

Georgian wine growing has come under pressure because of the clampdown on drinking under Mr Gorbachev. A senior Georgian official in Tblisi said last week that there would be no rooting up of vineyards.

"There is a slight shift from making brandy and distilled spirits to fruit juices," he said, but "We have always drunk, and will continue to drink, natural wines."

This is likely to be popular with tourists from the rest of the Soviet Union who flood south to sit amid palm trees and oleanders in the Georgian Black Sea towns of Batumi and Sakhumi. Tblisi, a narrow city of 1m, winding along the banks of the river Kura, attracts large numbers of foreign and Soviet visitors each summer.

Part of the prosperity is due to Mr. Shevardnadze, under whom Georgia pioneered economic experiments now advocated for the whole country.

As early as 1979, he started an experiment at the town of Ababha in western Georgia grouping all agricultural institutions under one management, while farmers were given increased incentives. Production rose and the experiment was later expanded.

Georgia has had high growth rates – last year output was up by 7 per cent on 1984 – but it also has many of the problems of under-investment and low technology with which Mr Gorbachev is now trying to cope. Typical of this is the Rustavi metallurgy plant not far from Tblisi.

It is important because it produces much of the pipe for the Soviet oil and gas industry. Mr Couram Kashakashvili, the managing director, said his plant employed fewer men than similar ones in the Ukraine "because of the high level of mechanisation." The reject rate for the 1.1m tonnes of finished products a year is low.

But the plant itself, although efficient given the technology employed, uses equipment of 1960s vintage. There is no continuous casting, although electric arc furnaces are to be introduced by 1992.

In the control room, men and women turn levers to control the movement of the steel billets from the furnace, but the lack of microprocessors means that quality control can never become guaranteed quality.

Battle over budget for EEC research

By Paul Cheeseright

THE European Commission and the smaller countries of the European Community have lost decisively their battle to win a near tripling of collective research and development spending.

The Commission, ever since the Fontainebleau meeting of Community leaders in June 1984, has been pressing for a much larger European financial effort to head off US and Japanese technological advances.

But, yesterday, as research ministers of the Community discussed what the Commission is pleased to call "Guidelines for a new Community framework programme of technological research and development, 1987-91," a hardening alliance of the bigger countries told the Commission to think again.

The attitude of the UK, France and Germany was that any Community research and development programmes had to take into account what is being done in national programmes and other international efforts. Throwing money at research is not necessarily a help.

All three have been saying in different ways that priorities have to be established; that there need to be more selective criteria; and that there has to be more rigorous evaluation of actual and potential work.

On such a basis, the Commission's thinking, which involves an Ecu 9bn ($8.7bn) budget for five years with a 15 per cent reserve carrying the total to Ecu 10.3bn, compared with a four-year budget of Ecu 3.75bn for 1984-87, has a whimsical quality.

What the big three countries are prepared to spend is not clear. Germany, through Mr Gerhard Stoltenberg, the Finance Minister, made it clear last March that the Commission figure was "a pre-planned financial crisis." Yesterday, there was no change in that view. France has mentioned no figures.

The Commission proposals "are probably about double what is sensible," said Mr Geoffrey Pattie, the UK Information Technology Minister. The big three are not anxious to pay more – they are the net contributors to the Community budget.

Countries such as Portugal, Spain, Greece and Ireland, at yesterday's meeting sought to ride round that reluctance by stressing that a bigger research and development effort on the part of the Community – doing for them what they cannot do for themselves – is important for social and economic cohesion. Germany thinks research has nothing to do with social cohesion.

Beyond that, there is a manifest difference in approach. The Commission, supported by smaller Community countries, has seen a problem – the US and Japan – produced a figure for spending and fitted programmes into that figure. Not good enough, argued the big three.

First, they said, decide what is necessary and what the Community can do about it, if anything, then cost it. Add up the cost of what you have decided to do, and then there is a budget for the overall research and development programme.

Second cabinet minister in Austria resigns

By Patrick Blum in Vienna

AUSTRIA'S Foreign Minister, Mr Leopold Gratz, resigned yesterday, the second senior Socialist to do so since Dr Kurt Waldheim's election as President last Sunday. Dr Fred Sinowatz quit as Chancellor on Monday and has been replaced by Dr Franz Vranitzky, until then Finance Minister.

Both resignaitons were provoked by Dr Waldheim's victory. Mr Gratz is widely believed to have decided to resign because of his dislike of the new President.

The poor performance in the election of Dr Kurt Steyrer, the Socialist candidate, has caused disarray within party ranks and made changes in the higher echelons of the party inevitable. More changes are expected when Dr Vranitzky presents his cabinet on Monday. [illegible] party leader, probably until the general election due by next April.

Meanwhile, the People's Party has renewed its attacks on the Government, describing the change of Chancellor as a "panic reaction."

Hungary's reserves rise to a record $3.8bn

BY LESLIE COLITT IN BUDAPEST

HUNGARY'S hard currency reserves rose $300m to a record $3.8bn in the first quarter of this year and were proof of continued confidence in the economy, according to a senior Hungarian banker.

Mr Janos Fekete, deputy president of the Hungarian National Bank, said the signing last week of a $300m loan to Hungary by leading Western banks was a "demonstration of Hungary's creditworthiness."

His remarks came after bleak assessments of Hungary's economic performance, especially its flagging agricultural and industrial exports to the West, by Budapest officials and economic publications in Hungary.

Mr Fekete said Hungary was a "star of the credit market" and was able to get long-term money at very good terms. It was replacing expensive credits from 1981 to 1983 at 1 per cent above Libor with new ones ⅜ per cent above Libor.

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Fighting resumes in S. African squatter camp

BY PATTI WALDMEIR IN CAPE TOWN

BLACK vigilantes, apparently aided by South African police and troops, yesterday gained control of part of the giant Crossroads squatter complex near Cape Town in the second day of fierce fighting in the area.

Three journalists were injured, one seriously, and numerous residents were hurt in clashes between conservative vigilantes and radical black comrades at the KTC squatter camp where at least 10 people died on Monday.

It was not known immediately how many more had died yesterday, as gunbattles kept relief workers out of the area for most of the day.

Plumes of black smoke several hundred metres high filled the sky over the camp, which officially housed some 47,000 people but recently had become home to many thousands of refugees from the three new Crossroads communities destroyed in fighting between rival groups three weeks ago.

Eye-witnesses said vigilantes had set fire to hundreds of closely-packed shacks left standing after Monday's fighting. They said the so-called *witdoeke* vigilantes, named after the white rags they wear around their arms or heads, moved into the area after armoured personnel carriers from the South African security forces had chased out several thousand comrades who were defending it with a wide range of makeshift weapons.

Residents were seen fleeing their homes as police and army fired numerous rounds of teargas. Automatic gunfire could also be heard.

A cameraman for Independent Television News was in serious condition in hospital yesterday after being attacked with hatchets by vigilantes and two other journalists were shot, apparently by stray bullets.

It was estimated that the destruction of the KTC camp yesterday might boost the homeless total in the area to around 80,000. Some 50,000 people were estimated to have been made homeless by battles in three other satellite camps three weeks ago and many had taken refuge at KTC.

Tony Robinson adds from Johannesburg: Fighting between rival factions broke out again in Alexandra township, Johannesburg, yesterday as two landmine explosions in the eastern Transvaal severely injured an 18-year-old white schoolboy and two black farm workers in separate incidents near Volksrust.

The street battles broke out in Alexandra following the fatal shooting on Monday night of Mr Mahlomola Mabizela, the newly elected president of the Alexandra Student Congress (Asco).

In Johannesburg, a confrontation between over 100 riot police backed up by army units was narrowly avoided outside Khotso House, where supporters of the United Democratic Front (UDF) were meeting. Police with dogs, full riot gear and a dozen mass-arrest vehicles blocked off the street outside Khotso House and seemed set to make mass arrests until Mr Wolf Kietner, an official of the South African Council of Churches, successfully sought guarantees of free passage out of the meeting from the police commanding officer.

UDF spokesmen confirmed that many UDF leaders and other political activists have gone to ground in expectation of what is expected to be a mass round-up of known activists before Monday's tenth anniversary of the Soweto rising.

S. Korea checks for distortions in Japan book

SOUTH KOREA will demand changes in a proposed history book for Japanese schools if it finds the work distorts the truth about Japan's record in Korea, Foreign Ministry officials said yesterday, **Reuter reports from Seoul.**

The officials said the ministry was carefully studying the book's portrayal of past Korean-Japanese relations, especially its account of Japan's 1910-1945 occupation of the peninsula.

"We will ask Japan for changes if we find references that distort facts," one official said.

China has already demanded changes in the textbook, saying it distorts facts by glossing over atrocities committed in that country under Japanese occupation prior to and during the Second World War.

The book avoids the word "aggression" in describing Japan's military activities during its 1937-45 war in China. It says the facts of the 1937 Nanking Massacre, in which Japanese soldiers killed thousands of Chinese civilians were still under debate.

Robert Thomson in Peking adds: China has stepped up criticism of the Japanese Government for allowing education authorities to approve a history text the Chinese say "grossly distorts" Japanese aggression during the war.

The Chinese Foreign Ministry has delivered a terse protest note to the Japanese Embassy in Peking demanding that the high school text be corrected in the interests of safeguarding relations between the two countries.

China has been particularly irritated by the book's apparent attempt to play down Japanese aggression by referring to the Asian war as an attempt to "liberate Asia from the rule of European and American powers to build a greater East Asia co-prosperity sphere."

A Japanese Embassy official said the textbook has not received final approval and it is premature for China to demand that action be taken to correct the alleged mistakes.

Lee cautions Singapore as index surges

By Chris Sherwell in Singapore

Singapore's straggling stock market yesterday surged to its highest levels since the collapse of Pan-Electric Industries last November, which closed the market for three days and prompted a crash in prices.

But analysts are deeply puzzled by the recent strong performance, which coincides with warnings from Mr Lee Kuan Yew, the Prime Minister, and his son, Trade and Industry chief General Lee Hsien Loong, not to be misled by signs of recovery in the island state's economy.

Yesterday the widely-watched Straits Times Index of 30 industrial stocks pushed through the psychological 700 barrier to finish at 712.12, up 20.26 points on a healthy volume of 27m shares traded.

The rise took the market's advance to almost 122 points since May 20 — only 13 trading days. The index broke through the 600 mark on May 22.

Analysts said the improvement was a response to buoyant local sentiment. Flows of foreign investors' money into the market were "insignificant," according to one broker.

Encouragement was apparently being drawn from signs of a pick-up in Singapore's all-important oil refining business and its electronics sector.

Speaking to students yesterday, however, Gen Lee repeated his father's warnings of a week ago to be cautious in interpreting the signs of a recovery. The outlook, he said, was bleaker than it seemed and unemployment, already at a 17-year high, would rise further.

Prime Minister Lee, speaking in his constituency at the beginning of the month, said Singaporeans would face the real test when signs of an upturn appeared. If unions then pressed for wage increases, he said, the country's reputation for realism and self-discipline might be thrown away.

Sudan premier cancels key visit to troubled south

BY OUR CORRESPONDENT IN JUBA

SUDAN'S Prime Minister, Mr Sadiq el Mahdi, has called off a visit to the troubled southern region in the face of the recent escalation in the country's three-year civil war.

The British Embassy in Khartoum last week evacuated all non-essential staff from the southern town of Juba, which has come under increased threat from the Ethiopian backed rebel Sudan Peoples Liberation Army (SPLA).

This followed earlier reports in the official Sudan News Agency of a rebel attack on a children's hospital in the town. The deteriorating security situation in the largely non-Moslem south, where fighting has already cut vital road, rail and river links, must now raise serious doubts over the Government's ability to hold the remaining garrisons in the region.

It comes as a further setback to the holding of peace talks with the rebels, first postponed from last weekend.

Food supplies to the region, where relief officials estimate 2m could face starvation, have also been badly disrupted as a result of the war. Agencies were last week calling for a food truce to allow relief convoys free passage into the war zone.

Hitherto all efforts to reach such an agreement with the rebels have proved unfruitful. The rebel leader, Col. John Garang, has made the repeal of the Islamic sharia law a precondition to talks.

Australia's electorate will be asked today to accept a fall in living standards. **Emilia Tagaza** reports

Advantage Howard as Hawke faces the shots

THE NEXT two weeks could prove decisive for the political survival of Mr Bob Hawke, the Australian Prime Minister, as he sets about the task of bailing his country out of its worst economic crisis for decades.

Mr Hawke, carrying the burden of his considerable reputation as a problem-solver, will go on nationwide television today and ask Australians to make unprecedented sacrifices. He will use his raw charm and persuasive powers to convince his electorate that, after years of sustained high growth rates, they must accept a fall in living standards if the present crisis is to be overcome.

What is at stake is not just Australia's economic well-being but also Mr Hawke's future. From being one of the most popular Prime Ministers in Australian history, Mr Hawke's standing in the country's usually reliable opinion polls is slipping steadily while that of Mr John Howard, the opposition leader, is rising.

Mr Hawke faces the cameras today with an economy which contracted by 0.1 per cent in the first quarter of this year and by a similar amount in the last quarter of 1985. These gloomy figures compare with 7 per cent growth in 1984 and around 5 per cent for 1985 as a whole.

The seriousness of the situation was underscored recently by the Federal Treasurer, Mr Paul Keating, who warned that Australia could drift into becoming a banana republic if tough measures were not taken immediately.

The whiff of panic which his remarks precipitated led to an open disagreement between Mr Hawke and Mr Keating. Mr Keating wants tough measures which take little account of the Government's popularity such as further wage restraint, drastic cuts in public spending and delays in promised income tax cuts and productivity-related pay increases.

Mr Hawke was more cautious in the debates which preceded today's statement, gauging the political cost of the Keating prescription. The rift has now been papered over, but Australians will watch eagle-eyed how the Hawke-Keating partnership handles the economy in the run-up to the next election which must be held by 1988.

Mr Hawke's past successes have been based on a skilful combination of budget management, helpful wage accords with Australia's reasonably accommodating unions and heavy foreign borrowing undertaken in the hope that export earnings would help finance repayments.

Australia now faces problems not dissimilar to those confronting many third world countries —hence Mr Keating's provocative reference to banana republics. Commodity exports, on which it relies heavily, are no longer adequate to meet external payments while the coddled manufacturing sector is not competitive enough to offset imports.

Keating (left) and Hawke . . . the rift in the partnership has been papered over

Until last year, Australia had been the "Lucky Country," able to draw on a reservoir of natural resources. But luck seems to be running out and Mr Hawke has the misfortune of seeing it start during his time. Two months ago, he had to appeal personally to the heads of the European Community and to the US to ease their farm export subsidies. He also had to cut domestic oil prices and endorse Mr Keating's proposed A$1.4bn (£657m) cut in next year's budget.

The terms of trade are now at their lowest levels since the Depression. The current account deficit last April was A$1.47bn, bringing the first 10-month total to A$12.1bn, a rise of A$3.2bn on the same period last year.

There are now attempts at forcing the manufacturing sector into competitiveness by exposing it to foreign competition. But the Government has had to move cautiously in this area after noisy protests from unions fearing widespread job losses.

Without an improvement in the trade account, Australia will be hard pressed to service its A$56.7bn foreign debt. Debt servicing now stands at 33.6 per cent of exports.

Mr Hawke will first seek the help of the unions, his electoral base. The Government's wage accord with unions, the centrepiece of its growth strategy, has so far restrained wages. Under the accord, wages are fully indexed for rises in inflation.

In August last year, when the economy was still recovering from the 20 per cent depreciation in the Australian dollar, the unions were persuaded to accept a lower indexed-pay increase. The Government achieved this by offering a A$2bn income tax cut promised for September this year and a 3 per cent productivity pay rise in the form of a superannuation fund to be shouldered by employers.

Mr Hawke needs another effective wage cut but this time has no carrots to offer. The powerful Australian Council of Trade Unions (Actu), has declared that workers have made enough sacrifices and that the most it would accept this time are delays in the promised tax cuts and superannuation funds.

Private business is the second group that Mr Hawke will have to square. He will ask for higher investment and price control and possibly exhort them to accept lower executive salaries. Last week he was told that the trade-offs the business sector wants in exchange for higher investments are a moderation in the Government's tight interest rate policy and a promise that unions' wage demands will be controlled.

Mr Hawke's economic team is one of the few Labour Governments with which the business community had been comfortable, at least in the earlier part of its term. Its deregulation of the financial and foreign exchange markets and its prudent monetary and budget management made it a welcome surprise to private busines.

But relations started souring after the Government made the wage discounting deal with the unions at the cost of an employer-funded superannuation programme. Mr Hawke was seen as a hostage of the unions.

With only 18 months to the next election Mr Hawke is in danger of losing his advantage to Mr Howard. The Australian leader may be prepared to go down the Keating road and depress the economy further—sacrificing his treasured achievement of 540,000 new jobs created since coming to office — in order to set Australia back onto the high road of economic growth. He may, on the other hand, go for a softer option such as an import surcharge on consumer goods to reduce the current account deficit.

Mr Hawke's problems could yet turn into an advantage. Australians admire his toughness. By appearing fearless and decisive in this crisis he could score some considerable political points.

AMERICAN NEWS

Big business fights bill on tobacco advertising

By Reginald Dale, US Editor in Washington

A COALITION of big business and liberal constitutionalists is mobilising to fight legislation introduced in the US House of Representatives this week that would ban all promotion and advertising of tobacco products.

The bill, introduced by Mr Mike Synar, an Oklahoma Democrat, with six co-sponsors, would implement a recommendation made in December by the American Medical Association. It would cover all forms of tobacco, including cigarettes, cigars, pipe tobacco, snuff and chewing tobacco.

The tobacco, advertising, magazine and newspaper industries all contend that the bill violates the constitution by restricting freedom of speech and expression guaranteed under the First Amendment. They are supported by liberal groups like the American Civil Liberties Union.

Tobacco advertising has been prohibited on American radio and television since 1971. The bill would ban all other forms of promotion, including newspaper, magazine and billboard advertising, shop displays, premiums and free samples, and would forbid tobacco companies from sponsoring athletic or artistic events under a brand name.

Mr Synar acknowledges that the constitutional issue is a real one, but argues that the right to commercial free speech is not absolute.

Mr Synar concedes that given the strength of the opposition and the short time remaining in the current Congressional session, his bill is unlikely to pass this year.

Anti-drugs campaign to be mounted

THE US advertising industry is to launch a $1.5bn campaign to discourage Americans from abusing drugs.

The undertaking by the Association of American Advertising Agencies (AAAA) would be the largest voluntary advertising campaign in US history. It will involve television, radio, magazine, newspaper and advertising companies.

Congress shuttle probe starts

By Nancy Dunne in Washington

MR WILLIAM ROGERS, chairman of the presidential commission investigating the Challenger space shuttle disaster, told Congress yesterday that "serious mistakes" had been made in the US space programme and that it was now up to Congress to determine future policy.

Speaking as Congress began its own investigation of the disaster, Mr Rogers said: "Serious mistakes were made. There were failures... you may find others we haven't discovered but I doubt it.

"The problem the nation faces is what to do from now on. Where do we go from here?"

While the commission, in its report on the disaster and in comments to the press yesterday, seems anxious to soft-pedal the harsh realities of troubles at Nasa, members of the House seem likely to be tougher on the embattled agency.

Some members talked of the "arrogance" which grew up in Nasa over the years; one questioned the possibility of prosecuting Morton Thiokol, maker of the booster rockets, for its "negligence" in allowing the shuttle to fly on January 28.

Representative Manuel Lujan, a Mexican republican, praised the commission for its work. However, he said, the task of Congress ahead is "to draw our own independent conclusions .... Should we find evidence on mismanagement, poor judgement or even negligence, we must take appropriate action.

Mr James Fletcher, the new Nasa administrator, has been busy assuring the nation that the commission's recommendations on safety will be heeded. Appearing on a television morning news show yesterday, he was asked if setting a July 1987 target for a shuttle launch might not put the agency on new pressures.

"It won't happen under my watch," he said. "We're not going to fly until it's safe, whether it's July, August, September or even July 1988."

Mr Fletcher said a master plan was emerging on Nasa's future and it would include more unmanned space flights. "It is apparent now that you need a mixed fleet," he said.

Mr Fletcher said that severaly of the commission's recommendations are already being implemented, including establishment of independent review boards, review of critical safety systems and studies of how the agency can improve its management policies and internal communications.

States put pressure on insurers to cut rates

By William Hall in New York

The US insurance industry is facing growing pressure from state governments to reduce insurance premiums, or at least limit rate increases, in return for the reform of local tort laws which have often led to skyrocketing legal awards against insurance companies.

US insurance companies have blamed the sharp rise in insurance premiums and the reduced availability of insurance cover on weaknesses in the US civil justice system and have been campaigning vigorously for its reform.

The movement to seek concessions from the insurance companies has been highlighted by the recent passage of a Florida law which will temporarily cut insurance premiums by 40 per cent and will permit local officials to reject future premium increases in return for reform of local tort laws.

This is believed to be the first time that the enactment of tort reform has been coupled with a restriction on insurance premium rates and the law has come under heavy fire from several US insurance companies who say they will no longer do business in Florida, the sixth largest insurance market in the US.

Mr William McCormick, chief executive of Fireman's Fund Insurance Company, describes Florida's move as a distaster and says that if the idea spreads to other states," it would be a catastrophe."

Several major states such as California, New York, Illinois, Ohio and Pennsylvania are studying ways of reforming tort laws and considering curbs on insurance companies.

Florida's move has been welcomed by the National Insurance Consumers' Organisation, a public interest group. Mr Jay Angoff, a lawyer with the organisation, says that "It is a fair trade-off to limit the amounts people can recover in insurance cases in exchange for lower insurance rates." He says he does not know how a state canconsider tort law reform without insisting on a quid pro quo from the insurance companies.

The Florida law, which is expected to be approved by Governor Bob Graham shortly, freezes current insurance premiums until October 1 and then reduces them by 40 per cent until the end of the year.

Companies will then have to file for new rates for 1987 and will have to prove why rates should not be cut further. In return the Florida law puts a cap on non-economic jury awards and also repeals the doctrine of joint and several liability which allows a victim to collect damages from one party in a lawsuit if the other is unable to pay.

● In another move to increase the availability of commercial liability insurance, 66 major companies have invested $395m in Exel, a new Cayman Isles insurance company, which will provide liability coverage to the corporate investors.

US oil rig count falls

Oil drilling in the US continues to sag, and the weekly rig count has hit another post-second-world war low, AP reports from Houston, Texas.

The number of active rigs fell by 37 to 686 in the week ended Monday, according to the Hughes Tool Company Rig Count, the industry gauge for drilling in the US. Since May, the rig count has dipped below the Second World War low of 805 rigs in April 1943.

US eases hard line on Mexico's debt problems

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE Reagan Administration yesterday went out of its way to demonstrate sympathy and understanding for the economic problems now facing Mexico in coping with the plunge of oil prices and servicing its $97bn (£64.6bn) foreign debt.

In an apparent change of tack, Mr David Mulford, Assistant Treasury Secretary, told a Senate foreign relations subcommittee in Washington: "When it comes to Mexico there is a tendency to be quick with criticism and cautious with praise. Patience, objectivity and sound judgment are of the utmost importance at this juncture."

Previous Administration statements on Mexico have tended to incorporate tough calls for more effort on economic adjustment, but bankers said they detected a conciliatory tone in Mr Mulford's remarks designed to discourage Mexico from taking radical unilateral action on its debts and help it reach agreement with the International Monetary Fund on a new economic policy programme.

Mr Mulford said most of Mexico's problems stemmed from the fall in oil prices which was "not only economically painful, but politically demoralising." He said Mexico accepted that it would have to absorb most of the impact within its domestic economy and was still seeking only $5bn to $6bn in external finance this year, about the same as before the oil price drop.

This would cause the economy to shrink by some 3 to 5 per cent in 1986, while inflation had accelerated to an annual rate of 85 per cent compared with 64 per cent last year, partly because domestic savings are insufficient to finance the Government's deficit, which has been swollen by a shortfall in oil tax revenues.

He said he hoped Mexico could soon reach agreement with the IMF, though he gave no indication that such an agreement was imminent. He also said he knew of short term plans for meetings between the US and Mexican officials.

Interest payments on Mexico's foreign debt are now beginning to prove a serious drain on its foreign exchange reserves and bankers believe it now faces its last chance of reaching an IMF agreement that could open the way to a broader debt rescue package.

But they said there was considerable scepticism over whether such an agreement was possible. Indeed the tone of Mr Mulford's remarks could be seen as indicating a new level of concern in the Administration, they said.

One problem is that Mexico's budget deficit is now rising towards 13 per cent of gross domestic product, well above earlier Mexican estimates of [illegible] per cent. The IMF has been calling on Mexico to reduce the deficit to 5 per cent of gross domestic product.

While some commentators have suggested that Mexico would wait until the end of the World Cup on June 29 before announcing any new economic measures, bankers believe the the country's problems are now much too urgent.

The next week to 10 days could prove critical, they said, adding that they are still resolutely opposed to concessions such as the granting of loans below market rates.

WORLD TRADE NEWS

Czechs seek joint ventures with West

By Christian Tyler, Trade Editor

CZECHOSLOVAKIA is negotiating for about eight industrial joint venture projects with Western partners as part of a programme to modernise its industry, according to Mr Bohumil Urban, minister of foreign trade.

Speaking in London during a five-day visit, Mr Urban said discussions in the UK involved Rank-Xerox, Gillette, Kodak, and Bush Boake Allen, the flavourings manufacturer.

It was hoped to set up joint ventures in the fields of electrical engineering, metallurgy, chemicals and food processing.

Areas already identified by the Czechs for this form of technology transfer include machine tool manufacture, tractor production and tourism.

Mr Urban said joint venture rules were now published, following a government decision six months ago. Czechoslovakia started opening its borders to foreign investment in its industries only last summer.

Meanwhile, the country's purchases of Western plant and equipment would double in value terms over the next five years to about $5bn (£3.3bn) a year, Mr Urban said. Some Western analysts, however, have warned that import targets may be optimistic.

Interviewed at the Czech embassy, Mr Urban said he had protested to British ministers about the operation of the CoCom list—goods said to be of potential military value that may not be sold to the Socialist bloc.

He described as "illogical" the inclusion in the list of computer systems to control processes in the chemical, pulp and float glass industries.

"I didn't expect any promise from the UK that these lists would be shortened or liquidated," Mr Urban said. "But I must tell you that I felt that in my discussions with your ministers that they have an interest in trading with Czechoslovakia.

"*Perhaps they will sit behind* the table over a specific case and resolve it. This fills me with a certain measure of optimism."

The minister also raised Czechoslovakia's recurrent protest that the country is denied the benefits of its membership of the General Agreement on Tariffs and Trade, for example, in the high duties it faces on its export of glassware to the US.

Japan takes 25% of W. European medium van market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPANESE producers captured nearly 25 per cent of the West European medium van market in the first quarter of 1986.

They benefited much more than their European rivals from the hiatus caused by Ford phasing out sales of the old Transit, Europe's best-selling medium van and the gradual introduction of the new Transit.

However, the Japanese already had made major inroads into the sector, mainly at the expense of Ford, which builds the Transit in Britain and Belgium, and Volkswagen of West Germany.

In 1980, the Japanese accounted for only 11.8 per cent of the medium van market in Europe (15 countries) and by *the end of last year had built* their penetration to more than 21 per cent.

The London-based DRI Europe group recently forecast that by the 1990s the Japanese will take 40 per cent of the medium van sector—the fastest-growing part of Western Europe's commercial vehicle business.

DRI suggested two elements in particular would extend the Japanese penetration. Firstly, the Japanese will make more vans at their own European factories. For example, Nissan is making the Vanette at its Motor Iberica subsidiary in Spain.

Secondly, in response to their own falling market shares, the Europeans are likely to look for ways to reduce the cost and investment needed for new van *ranges and will use Japanese* vehicles to do so, either by importing them fully built-up or by producing Japanese-designed vehicles.

The trend has already been established. Ford recently added a light van produced by *its Japanese associate, Mazda,* to its range in West German, while Daimler-Benz, the Mercedes group, and General Motors have agreements to produce Japanese vans under licence.

Industry statistics for the first *quarter of this year show that* the Japanese, rather than other UK-based producers, took full advantage of the shortage of Transit vans in Britain and built their share from 14.5 per cent at the end of 1985 to 18.2 per cent.

Shipments of light commercial vehicles are covered by the voluntary restraint agreement between the Japanese and UK motor industries but West Germany is wide open to Japanese attack.

In the first quarter of this year, the Japanese share of the West German medium van sector rose to 29 per cent compared with 23.28 per cent at the end of 1985.

Ford took some of the impact. Its share in West Germany fell from 8 per cent at the end of *1985 to 7.2 per cent.* But Volkswagen suffered again—its share—dropped from 39.9 per cent to 35.8 per cent — and Daimler-Benz's fell from 16.4 per cent to 13.6 per cent.

Part of Daimler-Benz's decline was accounted for by the introduction of a new, low-volume, medium-heavy van range and the disturbance that caused.

The Japanese also made major gains in the medium van markets of Austria, Belgium, Norwa yand Portugal in the first quarter.

Their performance in the medium van sector enabled the Japanese to take a record 16.4 per cent of Western Europe's total commencial behicle sales in the first three months of this year. In 1985 they achieved a 15.1 per cent penetration *compared with 14.2 per cent the* previous year.

WEST EUROPE MEDIUM VAN MARKET

	1982	1983	1984	1985	1986 (1st qtr)
Total sales '000	637.5	652.4	633.9	682.2	180.6
			Market shares %		
Total Japanese	16.4	18.6	20.7	21.2	24.8
Volkswagen	17.2	16.3	15.1	14.8	15.0
Ford	16.0	14.3	13.6	11.9	10.5
Peugeot-Citroen-Talbot	10.5	10.3	9.9	9.2	9.5
Fiat	7.9	8.9	9.3	9.9	9.2
Renault	8.6	8.5	8.7	8.9	8.6
Mercedes	9.1	8.8	8.7	9.2	8.1
BL-Austin Rover	3.6	4.1	4.5	4.5	4.4

Industry sources

Aiwa to boost overseas output

By Carla Rapoport in Tokyo

AIWA, one of Japan's major audio-equipment makers, is planning a marked increase of its overseas production of audio equipment. Its decision is the latest in a string of similar decisions by Japanese exporters who are seeking to reduce the effects of the higher yen on their profitability.

The company said yesterday that it plans to boost its Singapore - based production from around Y10bn (£30m) last year to around Y13.5bn this year, with further increases expected in 1987. Aiwa currently exports from Japan about 35 per cent of its sales.

The company expects to boost its production in Wales by around 20 to 30 per cent this year, with the addition of compact discs to its product line. Aiwa's Welsh plant's production last year was worth about Y1.4bn.

At a recent meeting of UK Aiwa dealers in Majorca, Mr Hajimi Unoki, Aiwa's new deputy president, said that Aiwa was "moving very quickly out of Japan." Within eight months, the company will have put the "major part" of its export production offshore.

Aiwa executives in Tokyo yesterday said that his statement was something of an exaggeration. He made the comments, they said, because UK dealers are unaccustomed to handling products which had not been made in Japan.

"We have to change their way of thinking, to accept products made in Singapore in the same way as they do those from Japan," said Mr M. Yoshida, manager of Aiwa's Management Planning Division yesterday.

Most of the companies, such as Matsushita Electric and others, which are switching production toSingapore, are moving mostly low-cost products.

Aiwa, however, which established its Singapore factory about ten years ago, says that it will be shifting production of higher cost products—such as sophisticated audio cassette decks—to its Singapore plant.

Reuter reports from Tokyo: Japan's private sector machinery orders, excluding those for shipbuilding, rose 8.6 per cent in April from March to a seasonally adjusted Y1,311bn (£3.9bn), the Economic Planning Agency said.

Israel defence chief backs Lavi

BY ANDREW WHITLEY IN JERUSALEM

GEN MOSHE LEVY, Chief of Staff of the Israeli Defence Forces, has strongly defended the US-funded Lavi aircraft project which the Reagan administration is seeking to have cancelled, as being the best answer to Israel's operation needs.

The US would like Israel to replace the $2.3bn (£1.5bn) project with an alternative US-made aircraft, such as an *improved version of the F16,* which the Israeli Air Force already has in service. But Gen Levy said yesterday this would be like buying a suit off the peg rather than one made to measure.

In an effort to meet US demands for a cap on the runaway production cost estimates for the Lavi, Mr Yitzhak Rabin, the Defence Minister, last week ordered that annual expenditure be restricted to $550m.

The Pentagon insists, however, that the real construction cost at the planned rate of 24 aircraft a year is likely to vary between $650m and $850m. Privately, Israeli officials agree that the Rabin ceiling is unrealistically low. The US is at present committed to spending $300m a year over 15 years on the Lavi.

While the debate over the controversial bomber—intended to be a match in the 1990s for any aircraft produced by the US or the Soviet Union, has now shifted to possible alternatives, the Defence Ministry continues to insist that any studies on other options should not upset the Lavi's present development schedule.

Mr Rabin, unlike some of the ground commanders in the Israeli Defence Forces and some of Prime Minister Shimon Peres's advisers, is a staunch defender of the project. In a newspaper interview yesterday, he insisted that while Israel is prepared to receive US proposals "no alternatives" at present exist.

A Pentagon team recently in Israel — is said by Israel aircraft industry officials to be now awaiting the go-ahead from Mr Caspar Weinberger, US Secretary of Defence, to conduct a full study into alternatives to the Lavi. This is expected to last approximately six months.

The last full evaluation conducted by the Defence Ministry in Israel on the country's largest ever national project was in 1981 under Mr Ariel Sharon. He and his successors as Defence Minister have all supported the decision to go into production with the aircraft as rapidly as possible.

Montedison in Jakarta deal

BY ALAN FRIEDMAN IN MILAN

ITALY's Montedison group is to co-ordinate the construction of a $40m (£28m) pharmaceuticals factory in Indonesia. The plant, which is scheduled for completion within three years, is to be built by the Indonesian Government on the outskirts of Jakarta.

The factory will have productive capacity for 200m tablets, capsules and syrup mixtures a year and the drugs will be antibiotics, anti-malarial remedies, anti-rheumatics, intestinal disinfectants and vitamins.

Of the total cost, some $23m will be financed by means of soft loans and government grants from the Italian Foreign Ministry.

The two Montedison subsidiaries to be involved in the Indonesian plant will be Farmitalia Carlo Erba, the pharmaceuticals division, and Tecnimont, the engineering business which will design the plant.

● **Reuter reports from Brussels:** The output of Western Europe's chemical industry should show volume growth of 2.5 per cent this year despite a relatively poor performance in the first quarter, the European Council of Chemical Manufacturers Federations forecast.

Battle to break Japan telecom monopoly

By Jason Crisp in London and Carla Rapoport in Tokyo

TWO POWERFUL groups are now battling to become the second international telecommunications carrier in Japan to compete with Kokusai Denshin Denwa which currently has a monopoly.

Competition using satellite communications could start by the end of next year.

Yesterday it was announced that a 52 per cent-owned subsidiary of Nippon Telephone and Telegraph, which still has the internal telephone monopoly, was giving technical advice to one of the groups which includes C. Itoh and Cable and Wireless of the UK.

This group is also being backed by Toyota Motors of Japan and General Motors. The group is to conduct a feasibility study into an international competitor to KDD. The main rival is another consortium which includes Mitsui, Mitsubishi and Sumitomo.

Although the Japanese could licence two competitors to KDD, it is expected that a single consortium will be formed from both groups. Cable and Wireless hopes to end up with about a 20 per cent share. It is already proposing to participate in a trans-pacific submarine cable and has bid, with Pacific Telecom, for the US landing rights.

An official from C. Itoh said yesterday that the consortium would ideally have six or seven partners.

UK, Philippines agree to review Marcos contracts

BY SAMUEL SENOREN IN MANILA

THE US and the Philippines have agreed to review jointly contracts entered into by the regime of former President Ferdinand Marcos where fraud and misuse of funds may have occurred.

The agreement, to be formalised today, calls for mutual assistance between key US agencies—the Departments of Justice, State and Defence—and the Philippine Presidential Commission on Good Government which is tracking down the wealth of Mr Marcos and close associates.

The arrangement is a victory for the Government of President Corazon Aquino, who has accused Mr Marcos of skimming millions of dollars off foreign loans.

It is expected to lead to an expanded investigation by the US of contracts involving loans, commodity and military sales to the Philippines under Mr Marcos.

Mrs Aquino's Government is pursuing investigation of a *nuclear plant project which cost* $2.3bn (£1.54bn) funded mostly by US banks.

A special commission formed by Mrs Aquino to look into the project has claimed that Mr Marcos took a bribe in awarding the contract. The company involved has denied wrongdoing in obtaining the contract.

The plant, which is already completed, has not yet been operated by the new Government.

President Corazon Aquino

Mr Marcos and close associates are believed to have put away as much as $10bn abroad, a substantial portion of which has been traced to the US and Switzerland.

The Commission on Good Government, which is trying to recover these assets, has so far recovered only a portion, most of which was left behind in the Philippines.

The Commission so far has been able to seize about $750m-worth of assets.

UK NEWS

Decision nears on Ordnance flotation

By Lynton McLain

ROYAL ORDNANCE, the state arms and munitions company, is entering final negotiations with the Ministry of Defence (MoD) over outstanding issues facing the company in the run-up to its privatisation, believed to be planned for next month.

The company has had substantial differences with the Ministry of Defence over the issues it is likely to face as a private company. After privatisation it will remain linked to the ministry because Royal Ordnance is the prime supplier of arms and munitions to the armed forces.

A decision on whether to go ahead with the flotation next month is expected to be taken by Mr George Younger, the Defence Secretary, within a few days. His decision will depend on the progress of the talks.

Many crucial issues are thought to be close to resolution, including the question of whether the ministry will pay for Royal Ordnance to keep uncommercial spare ordnance capacity for possible use in wartime.

Royal Ordnance launched a range of multi-purpose lightweight armoured vehicles yesterday.

One version of the vehicle, a self-propelled howitzer, is fitted with a Soviet-developed 122mm D30 howitzer, manufactured by Abu Zaabal Engineering Industries of the Arab Republic of Egypt. The completed vehicle was developed initially on a 50/50 basis with costs shared between the Egyptian company and Royal Ordnance.

Other problems concern the need for a reconstructed balance sheet for the company ahead of privatisation.

The MoD plan is for Royal Ordnance and its City of London advisers to promote for about 10 days the offer-for-sale prospectus until the date of the flotation. The prospectus is expected to be shown to institutional investors, possibly only in London and Edinburgh, with a minimum of promotion.

Royal Ordnance expects the majority of the shares to be taken up by institutional shareholders with only about 100,000 private investors expected to buy shares. Company employees are likely to be given a chance to buy a share in the company.

The price of the shares is expected to be announced after the 10-day initial exposure of the prospectus. A further 10 days will elapse before the offer for sale closes, sometime in mid-July.

The long-delayed Royal Ordnance annual report for the 1985 calendar year is likely to be published within days of agreement being reached on the outstanding issues.

Royal Ordnance produced a deficit of £4.7m before interest in the nine months to January 1 last year,

Shah set to quit unless Today gets more funds

BY RAYMOND SNODDY

AN EMERGENCY board meeting of News (UK), publishers of Mr Eddie Shah's new colour daily Today, will decide tomorrow whether to sell, refinance or bring in new shareholders to support the troubled newspaper.

Mr Shah has told shareholders that he will resign unless what he regards as proper financing is made available urgently. The shareholders, which include Trust House Forte, British and Commonwealth Shipping and Ivory & Sime, the Scottish investment house, have been told that an extra £4m to £5m is needed. The demand comes less than two weeks after they agreed to put up £2.5m to ease serious cash flow problems.

Today, launched in a blaze of publicity in March, is now losing nearly £1m a month, and the circulation, which should have been around 1m, is actually hovering above and below 400,000.

The ebullient Mr Shah, credited with the role of catalyst in the revolution in working practices in Fleet Street, has told his board that he cannot go on as chairman when most of his time is being taken up by trying tomeet the demands of creditors.

The cash flow problems have been so acute, it is understood, that payments to journalists working casual shifts have not been made since March and staff journalist expenses have been delayed.

Apart from additional finance Mr Shah is also seeking greater freedom to manage the paper.

Negotiations are, however, under way with Mr Robert Maxwell, publisher of Mirror Group Newspapers which could ease the cash flow problems at Today. Mr Shah would like to print Mr Maxwell's planned new London evening newspaper, the London Daily News, on his presses near Heathrow airport in West London and on new presses which Today plans to install to the east of London.

If a deal can be reached, Mr Maxwell would be able to use colour printing as a weapon in the coming circulation battle with the London Standard.

A spokesman for Mr Maxwell said last night: "I can confirm that talks are taking place with Mr Shah at his initiative for the printing of the London Daily News on his presses." Mr Shah, it is understood, believes that Today can be saved and would like to stay on to try to complete the task but has told colleagues he will do so only if he has the full support of the board.

He has argued that there are parallels between the disastrous launch of Today and of TV-am, the commercial television breakfast station which came to the brink of collapse but is now profitable and about to float.

In April, Today appeared to have turned the corner, and independent evidence confirmed Mr Shah's claims that circulation was rising. Data from market research company AGB showed that readership rose to 4.6 per cent fo a panel of readers – a figure suggesting a circulation of around 500,000.

The percentage fell throughout May, and by the week beginning May 23 was down to 2.7 per cent – a circulation of around 400,000. The figures for the Sunday edition was much worse at 1.2 per cent or below 300,000.

Murdoch moves to avert strike

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MR RUPERT MURDOCH'S News International yesterday moved quickly to avert the threat of a strike by journalists on the Sun daily newspaper by offering them a pay rise of 10 per cent.

The prospect remained, however, of journalists exercising a decisive influence on the continuing print-workers' dispute at Wapping, east London, after the company also acted yesterday to dismiss a number of editorial staff of The Times who have been refusing to work at the picketed newspaper plant.

The 20-week dispute was caused by the company's transfer of production of its four national titles to Wapping and the sacking of 5,500 printworkers after they went on strike over the move.

Chapels (office branches) of the National Union of Journalists (NUJ) at both The Times and The Sunday Times are expected to hold ballots on industrial action, though there wsa some pressure within The Times chapel last night to begin disruption immediately.

The pay offer to journalists on the Sun, Britain's best-selling daily paper, came within 24 hours of the newspaper's NUJ chapel voting by a majority against continuing to work at the Wapping plant. Previously, News International had made an informal offer of 3.5 per cent.

In addition to the proposed 10 per cent rise and a guarantee of the existing four-day working week, the company has responded to complaints over working conditions by offering quick action on specific problems at the plant and the creation of a works council, meeting monthly and having direct access to Mr Bruce Matthews, managing director.

The 200 Sun journalists, almost all of whom accepted rises of £2,000 per head plus free private health insurance to move to Wapping earlier this year, will meet todayx to vote first on the offer and then on reconsideration of their indusdtrial action threat.

The pay offer was made personally yesterday by Mr Murdoch, who was said to have been at the Wapping plant by prior arrangement. It was unclear whether he was prepared to extend the same terms to journalists on the other newspapers at Wapping.

Leaders of the NUJ chapels at The Times, Sunday Times and News of the World were invited to meet Mr Murdoch yesterday but declined to attend on the instructions of Mr Harry Conroy, NUJ general secretary.

Withdrawal of aspirin products for children

By Ian Rodger

ASPIRIN-BASED products for children are being withdrawn from sale in Britain because of a possible link with a rare but usually fatal disease.

Dr Donald Acheson, chief medical officer in the Department of Health, has advised all doctors, dentists and pharmacists not to give aspirin to children except on medical advice.

He said there was increasing evidence that aspirin might be associated with Reye's Syndrome, a rare liver and brain disease contracted by children. The disease has proved fatal in more than half of known cases.

The Aspirin Foundation, which represents the leading producers of aspirin products, said it agreed with the move. Today it launches a £500,000 advertising campaign in national newspapers advising people to stop giving aspirin to children.

After discussions with the Department of Health, the producers have also agreed to print a warning on the labels of their standard aspirin-based products that they are "not to be given to children under the age of 12 unless your doctor tells you to."

The main children's aspirin products are Junior Dispirin, made by Reckitt and Colman, Junior Angiers, made by Bristol-Myers, and Boots' soluble Aspirin for children. Other suppliers include the J. Sainsbury and Fine Fare supermarket chains.

The market for children's aspirin products is estimated to be worth about £3m a year out of a roughly £40m total market for non-prescription analgesic drugs.

Reckitt & Colman said the withdrawal would not have "any discernable impact" on the performance of its UK pharmaceutical division, nor on employment at its production plants.

The company launched a paracetemol-based children's analgesic nine months' ago and expects its sales will increase, offsetting the loss of Junior Dispirin. The company has written to all its direct customers offering either credit or replacement products for the withdrawn Junior Dispirin.

Government allocates additional £20m for schools examination

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is to provide an additional £20m this year to increase the resources available to schools for the introduction of a new examination (the GCSE) for secondary school children over the age of 16.

In his major speech since being appointed Education Secretary three weeks ago, Mr Kenneth Baker announced this increase as he sought to regain the initiative for the Government over what has now become a major political issue. His statement was being presented as the first evidence of his commitment to obtain additional resources for education.

There has been considerable controversy over the Government's decision to press forward with the new examination this year despite the doubts of teaching unions and parents, who have argued for more resources.

Mr Baker has used the advantage of his appointment to obtain an extra £20m for books and equipment this year from the Treasury. This is in addition to the £10m already committed towards in-service training for GCSE and the £40m on books and equipment this year for which local education authorities have already budgeted.

Of the new £20m, some £5m will be made available through the Manpower Services Commission for the provision of scientific and technological equipment.

Mr Baker said that a total of some £60m to £70m was being targeted to the introduction of the new examination, which works out at between £12,000 and £14,000 per secondary school or between £90 and £105 for every fourth year pupil. He said he now looked to the teachers to take their full part in the remaining phases of training for the new system.

Mr Baker's speech was warmly received for his skilful performance in meeting their concerns both on the overall level of resources and, more specifically, over corporal punishment, sex education, political indoctrination and free speech in the universities, though he made no concessions of substance.

He was opening the Second Reading debate on the Education Bill which lays down a new framework for the structure and duty of school governing bodies.

In particular, Mr Baker said he was keen to get more businessmen and women interested in the schools which served their communities. The existing Bill provides for an unspecified category of co-opted governors, and he said that the governing body of every school ought to have on it someone from the local business community. The Government would, therefore, be introducing amendments to ensure that local industry and commerce are represented on governing bodies.

Mr Baker also took the opportunity to spell out his philosophy. He made clear his oppositon to a centralised system as in France and his support for the devolution of responsibility not only to local authorities but also particularly to local governing bodies, with a stronger representation from parents and other local interests.

After a recent vote by the House of Lords on its consideration of the Bill to abolish corporal punishment in the state sector, Mr Baker said that the whole issue should be considered again at the Report Stage in the House of Commons, and Tory MPs would have a free vote.

Nassar appointed as head of Geevor Tin

BY STEFAN WAGSTYL

GEEVOR Tin Mines' fight for the money needed to keep its Cornish plant and mine in working order received a strong boost yesterday with the appointment as chairman of Mr Edward Nassar, an international entrepreneur.

Mr Nassar, who bought an 18.8 per cent stake in Geevor at the height of the international tin crisis in February, said afterwards it was most unlikely that the company would allow the mine to flood.

Geevor has applied once more for government aid, asking for help towards the £40,000 cost of care and maintenance while it prepares a new application for assistance for cost-cutting schemes.

The Department of Trade and Industry turned down an application for help towards a £25m project earlier this month, but Mr Peter Morrison, the Industry Minister, suggested on a visit to Cornwall last Friday that any revised proposals from Geevor would be considered.

Geevor could well submit a more limited scheme than before, aimed at providing jobs for only some of the 360 workers it employed until production stopped in early April. Since then the company has retained some 40 people for maintenance work.

The company, which was hit by the fall in prices which followed the tin crisis, yesterday published its financial results for the year to the end of March. It made a pre-tax loss of £1.1m against a £1m profit in 1985 and made an extraordinary charge of £913,000, mainly to cover the cost of redundancies.

Mr Keith Wallis, who is stepping down as chairman in favour of Mr Nassar, said that there was now a glimmer of hope that at least some jobs at Geevor would be retained.

Mr Nassar, who has interests in the Nigerian tin industry, in Blue Bird Confectionery, a Birmingham sweet company, and in property and trading, said that the outlook was now more hopeful.

R-R must win on merit says Thatcher

ROLLS-ROYCE must demonstrate its ability to win the multi-million pound orders for the new engines required by British Airways on merit, Mrs Margaret Thatcher, the Prime Minister, insisted in the House of Commons yesterday, Ivor Owen writes.

While resisting pressure from Mr Neil Kinnock, the Labour leader, for government intervention to ensure that the national flag carrier airline buys British, she chided him for failing to display more confidence in the ability of Rolls-Royce to hold its own in the face of competition. She demanded: "Why not concentrate on the possibility of Rolls-Royce winning on merit?"

Mr Kinnock, who recalled that Mrs Thatcher was a member of the Heath Government which rescued the aero-engines division of Rolls-Royce from extinction, maintained that the Government should use its full powers to ensure that the orders went to Rolls-Royce.

The Prime Minister explained that British Airways had followed customary procedure and asked all three major aero-engine manufacturers to provide quotations. When British Airways had completed its evaluation of the rival bids, it would reach a judgment and submit proposals to Mr John Moore, the Transport Secretary.

Mrs Thatcher reminded Mr Kinnock that Rolls-Royce had supplied the engines for most of British Airways' fleet and emphasised: "To be effective and thriving, a company has to win its orders on merit and Rolls-Royce does."

□ **BETWEEN** 10 and 15 per cent of the UK workforce will be working from an electronic office in the home by 1995, according to a study of the impact of information technology published yesterday by the National Economic Development Office (NEDO).

By 2010 the proportion could have risen to 20 per cent. The report argues that this increase in "teleworking" will make it possible for a higher proportion of women to become economically active and so force a further shift towards equality.

□ **BRITISH** Shipbuilders, which is shedding 3,500 workers by next March, has won a vital £6m ferry order which will preserve jobs at the small Ferguson-Ailsa yard in Port Glasgow on the Clyde. Without the order from Caledonian MacBrayne, part of the state-owned Scottish Transport Group, the remaining 370 jobs at Port Glasgow would have been at risk.

□ **LONDON** and Scottish clearing banks attracted a total of £6.3bn into their new high-interest savings accounts by the end of last year. This accounted for 13 per cent of their total sterling deposits, and showed a sharp increase on the year before. At the end of 1984 they amounted to £1.2bn, or only 3 per cent of the total.

□ **PRIVATE** patients are not paying the full cost of major operations in all National Health (NHS) hospitals, according to a report from the Comptroller and Auditor General on the NHS and its level of charges. Mr Barney Hayhoe, the Health Minister, said last night that he was issuing a consultative paper on charges for private patients.

□ **THE TREASURY** proposes to offer high-calibre science graduates pay premiums worth an average 15 per cent of starting salary to try to improve recruitment to Whitehall departments.

The move follows evidence of continuing problems in recruiting top-quality scientists.

Cut-price Atlantic air fares win approval

BY LYNTON McLAIN

VIRGIN ATLANTIC and People Express, two cheap fare airlines on the north Atlantic routes, were given the go-ahead yesterday to offer passengers £56 and £66 single fares respectively between London and New York.

The UK Civil Aviation Authority gave approval for the two fares for operation for six weeks on their flights between Gatwick airport, south of London, and Newark, New Jersey, to the west of Manhattan.

The fares have been introduced by the two airlines in an attempt to attract passengers on the Atlantic routes after fears in the US about terrorism in Europe appeared to have dissuaded people from travelling to Europe.

British Airways (BA) and British Caledonian (BCal) gave no indication yesterday that they intended to follow the cheap fare offers by the small independent airlines.

BCal, the UK's biggest independent airline, said: "We have no intention of matching these fares. We are looking at a range of initiatives for tackling the problem in the long term. We do not believe in short-term gimmicks."

BA said it had no comment to make. The state-owned airline flew the first of its prize-winning US passengers to England last night on Concorde, as part of the airline's £4m intense marketing initiative to attract passengers to Europe.

The Virgin Atlantic and People Express six-week promotional fares apply to bookings made 21 days in advance. The CAA agreed to waive this condition for people travelling by the end of June.

The CAA said it gave approval for the low fares after its recent agreement for the BA marketing initiative across the Atlantic.

● Department of Transport officials are to visit Washington today and tomorrow for further talks on the Anglo-US air services Bermuda II agreement. This expires at the end of July and is the subject of disagreement between the US and UK Governments on how air services between the two countries should be operated.

The UK wants greater access to cities beyond those designated as gateway cities, to which UK airlines at present fly. The UK is also concerned that US electronic booking systems favour US airlines in preference to a balanced approach.

Renault starts £4m car promotion

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

RENAULT of France will spend £4m on an advertising campaign to promote its R21, launched today in the UK, as the group's new contender in the fleet market, which accounts for about half of all new car sales in Britain.

Mr Guy Bergeaud, managing director of Renault UK, says the company has a launch stock of 6,000 cars in Britain. – "We are aiming for up to 14,000 Renault 21 sales by the end of this year and at least 25,000 in 1987."

The R21 would account next year for about one third of total Renault car sales in Britain and take a market share of around 1.4 per cent, he suggests.

Renault invested FFr5bn (£500m) in the R21 which replaces the R18 but is slightly bigger. It competes in the UK with the Ford Sierra, the General Motors-Vauxhall Cavalier and the Austin Montego.

The R21 was introduced in France only three months ago

In the UK, Renault starts with six petrol-engined versions, offering two engine sizes (1.7 and 2.0 litres), three power outputs and three levels of equipment. Prices range from £8,485 to £10,170.

UK NEWS

More cash for London area rail investment

By Andrew Fisher

BRITISH RAIL (BR) will step up investment on re-equipping its busy London and South East services to around £120m a year from the present £80m as part of its campaign to raise standards and attract more passengers.

BR also said yesterday that its services in the region, covering 930 stations with 55 more being considered, had been renamed Network SouthEast. Cheaper off-peak fares are being introduced.

Trains will have a new red, blue, and grey livery on the network, the world's second busiest after the Tokyo area. It covers a radius of some 80 miles around London, and carries 500m passengers a year.

Mr Chris Green, director of Network SouthEast, said that apart from investment on re-equipment, £20m would be spent on improving stations and £7m on passenger information services. BR has also earmarked £10m a year for new telephone, ticket, and cleaning staff.

Around 1,700 extra staff are being taken on this year to bring the total to 41,000. For the 1990s, a new lighter and faster suburban train to be called the Networker will be introduced.

Mr Green admitted that routes in and around London had been subject to criticism and cynicism. But since the launch of Operation Pride in February, cancellations had fallen sharply and 90 per cent of trains were on time or within five minutes.

Whitehall job transfers to have tighter vetting

BY HAZEL DUFFY

THE PRIME MINISTER is expected shortly to strengthen the advisory committee which vets top civil servants moving into the private sector by the addition to the committee of a senior backbench MP.

The move comes amid continuing unease about the adequacy of the vetting mechanism, which intensified with the secondment of Mr Peter Levene into the Civil Service to head the Ministry of Defence Procurement Executive, while his job as chairman of United Scientific Holdings, the arms company, was taken by Sir Frank Cooper, a former Permanent Secretary at the Ministry of Defence.

The disquiet over Mr Levene's appointment at a salary of £95,000 a year has been mollified by the Civil Service Commission being given the right to approve all secondments into senior Civil Service jobs. But the members of the advisory committee on business appointments – all top-ranking ex-civil servants and businessmen – have also been making known quietly their belief that the committee needs strengthening.

In particular, they are believed to be pressing the Government to begin the search for a successor to Lord Diamond, who has chaired the committee since 1975.

Lord Diamond, a former Labour minister and now leader of the Social Democrats in the House of Lords, will be 80 next year. One possibility is that the Prime Minister will delay the announcement of the intention to add a new member to the committee until a decision has been taken on a new chairman.

All civil servants of undersecretary rank and above who want to move into the private sector must apply to the advisory committee for permission. They could be asked to wait for up to two years before taking the appointment if the committee feels that a company or organisation might be gaining an unfair advantage over its competitors by acquiring somebody fresh from Whitehall. In practice, the full waiting period has not been applied.

The mechanism of the committee's vetting procedure is also designed to counter possible suspicion that a civil servant might give advice and decisions in the hope of future employment with a company.

Most of the applications come from civil servants in the Ministry of Defence and to a lesser extent from the Treasury and the Department of Trade and Industry – all ministries which have frequent contacts with business.

Before this case, the House of Commons Treasury and Civil Service committee had already urged a strengthening of the present system. Most of its recommendations were rejected by the Government in a White Paper (policy statement) published in March 1985. They included the extension of the two-year waiting period to five – which the Government said was not workable – more openness in the workings of the advisory committee, a new code of conduct for civil servants going into the private sector, and the appointment of two senior backbench MPs to the advisory committee.

In the event, the Government has relented and compromised on the last. The advisory committee still operates in a cloak of secrecy – even its memberships, other than the chairman, is not normally announced.

Controls on bid advertising criticised

By Feona McEwen

THE ADVERTISING industry has called for the controls on takeover advertising to be reconsidered.

It claims that such advertising, which has risen to prominence in the last six months with the wave of contested bids and mergers, should be controlled by the industry's self-regulatory body, the Advertising Standards Authority (ASA), and not the City of London's Takeover Panel.

Both the ASA and the Advertising Association have strongly condemned the clampdown by the Takeover Panel some weeks ago in which it banned future advertising that failed to "avoid argument or invective."

If generally observed, says the ASA in its latest case report, "this ruling will emasculate advertisements in bid situations, leaving both the general public and shareholders worse off."

The Advertising Association is pressing the panel to return full responsibility for revetting takeover ads to the ASA (which already has rules about comparative advertising). The ASA would work to a new set of special regulations agreed on by the panel. Talks are continuing along these lines.

The ASA considers that when comparative advertising is handled as principled debate it is in the public interest. But it condemns the handful of advertisers which overstep the mark, particularly those which use graphs implying similarities between different rates of growth (or contraction) and which use adjusted scales and origins.

Takeover advertising is estimated to have generated more than £25m in the past six months.

BL trucks division chief quits

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR DAVID ANDREWS, the executive director responsible for BL's commercial vehicle operations, has resigned from the state-owned group.

It is likely to be the first of a number of resignations after the recent appointment of Mr Graham Day, former chairman of British Shipbuilders, as executive chairman and chief executive of BL.

Mr Andrews, 51, is believed to have been BL's highest-paid director, receiving £98,367 in 1985.

Mr Andrews said yesterday that he had no firm plans for the future but it was unlikely that he would remain in the UK motor industry. Mr Day, the personal choice of Mrs Margaret Thatcher, Prime Minister, for the BL appointment, joined the group on May 1 and his executive role immediately called into question the position of Mr Andrews and the group's other executive director, Mr Ray Horrocks.

Mr Horrocks, 55, who was responsible for BL's car operations before the arrival of Mr Day, is also expected to leave the group shortly.

Mr Andrews joined what was then British Leyland in 1969 as financial controller from Ford of Europe. He was Sir Michael Edwardes's vice-chairman in the late 1970s and took control of the commercial vehicle operations when BL was split into two divisions.

He took leave of absence from BL in mid-February this year to lead the team which unsuccessfully attempted to organise a management buy-out of the Land Rover subsidiary, at first in competition with General Motors of the US which wanted to buy nearly all of BL's Land Rover-Leyland commercial vehicle operations.

Wilmot calls for data industry restrictions

FINANCIAL TIMES REPORTER

THE DATA processing industry should be made subject to the same restrictions as the privatised telecommunications operators, if the large computer companies were not to "kidnap" the deregulated voice traffic when the voice and data industries converge, Mr Robb Wilmot said yesterday.

Speaking as chairman of Wilmot Enterprises, he told the Financial Times Conference on World Electronics that if data processing companies were allowed to cross-subsidise their operations, and the national telecom authorities were not, "the PTTs are going to be seriously disadvantaged as voice and data converge technologically."

Whereas Telecom's operators had to disclose in writing all changes to their networks at the time they began, data processing companies did not have to comply with the same regulations on information disclosure. That resulted in "a time lag for competitors in introducing compatible products and consequent "price premiums of 15 per cent to 25 per cent for the dominant supplier."

If the same treatment was given to the data processing industry as the voice processing industry, there was no reason why "all players, including the dominant player, shouldn't emerge as stronger, faster growing companies."

He added that he was personally convinced that it would lead to the IT industry growing at least 5 per cent faster than at the moment, through a mixture of accelerated innovation and investment.

The doubling of investments in information technology would have a tremendous impact on productivity and competiveness, possibly resulting in an additional one point of GDP, he went on.

Computer companies also came in for criticism from Mr A.G.W. Biddle, president and executive director of the Computer and Communications Industry Association in the US. He tackled them for not working together towards standards so that computers from different vendors could work together.

The computer manufacturers would be pushed into devoloping standards.

Access to a commmunications infrastructure was now the single most important factor for companies making a decision about where to locate their premises. If necessary they would go to a different vendor or even a different country.

Integrated global information networks would become a reality more quickly than manufacturers had thought, and, he added, "if we cannot lead the way we should follow, at the very least we should get out of the way."

Mr Alain Boublil, adviser to President François Mitterrand of France, said governments still had responsibilities to the electronics industry in spite of the move away from direct state intervention. It was still the state's job to maintain large order programmes in telecommunications, energy and defence and to allow time for industry and government to work together.

The Government should also encourage research and development through the setting up of national laboratories or institutions, should look to train and provide qualified staff and encourage collaboration between education and industry.

European companies should now begin to look outside Europe if the appropriate technology was not available, and should form joint ventures with US and Japanese concerns.

Dr Sung Kyou Park, executive vice-president of the Korean Daewoo Telecom, said Korea was one country where European companies could form joint ventures. AT&T, Ericsson ITT and Northern Telecom had already formed joint ventures there, but he said he felt "the market is large enough for other foreign companies to forge local partnerships."

The Korean Government has already taken steps to open up the market and companies in Korea are likely to be more receptive to European proposals because at the moment they are dependent on the US and Japan.

He added that European or US companies would also have an advantage over Japanese ones, because "my personal belief is that European and North American companies are more willing to share advance technology in exchange for market access."

Sir Donald Maitland, former chairman of the Independent Commission for World Wide Telecommunications Development, and adviser to British Telecom, said that while Western countries were inclined to take information technology for granted, less-developed sections of the world did not. Developing countries had 70 per cent of the world's population but only 7 per cent of the telephones, for example.

Mr David Fairbairn, managing director of James Martin Associates, outlined the role of software in the electronics industry and said software sysems should be regarded as a major strategic importance to companies, and not just something best left to the specialised departments that dealt with such devices.

He said there was a correlation between "the poor performance of the less successful and their low use of IT."

Mr Ralph Kravitz, executive director of Citicorp Investment Bank, said the new securities markets had become increasingly dependent on transaction processing devices, data entry terminals, databases and telecommunications. Telecom's links needed to be global, high-speed and able to handle data as well as voice to deal with the further deregulation of the markets.

Processing budgets to be cut

By Alan Cane

DATA processing departments in UK companies are planning to cut budgets this year because technology is too complicated, data processing staff are finding it difficult to cope and because senior management is becoming more familiar with computing requirements.

This is the most dramatic finding from a review of UK information technology this year carried out by the accountants Price Waterhouse.

It says that the average data processing department will spend £1.2m in 1986, £141,000 less than last year. Adjusted for inflation, Price Waterhouse's figures show that data processing budgets grew by 1.4 per cent in 1985 but will fall by over 14 per cent this year.

The principal author of the survey, Dr C. B. B. Grindley, says that the change cannot be accounted for by falling hardware prices – the need for new hardware to provide better services outweighs the reduction in prices.

He says that top management is taking a new interest in data processing budgets and refusing to spend more money without detailed justification.

The sophistication of much of the technology being offered by manufacturers was upsetting managers, the survey showed. "The new information technology means big changes and frankly my staff is not up to it," one said.

The Price Waterhouse review, carried out every quarter in conjunction with the weekly newspaper Computing, has been carried out since 1979, during which time it has identified most of the major trends in data processing practice in the UK.

Can your on-line transaction processor do anything else?

A lot of on-line transaction processors just can't cut it if you need them to do other kinds of processing.

Oh, they can do some of your general purpose processing work when push comes to shove.

But not easily, and not efficiently.

That's where we come in.

The NCR 9800 was built to be an excellent on-line transaction processor, as well as an excellent general purpose processor.

How?

Using what we call job-specific modules.

The 9800's architecture lets you configure the right processors to do the job: either application processors or data storage processors.

So it can do both jobs—transaction and general purpose processing—more efficiently.

And that leaves just one job for you.

Contacting your local NCR representative.

NCR 9800. The evolution of the mainframe.

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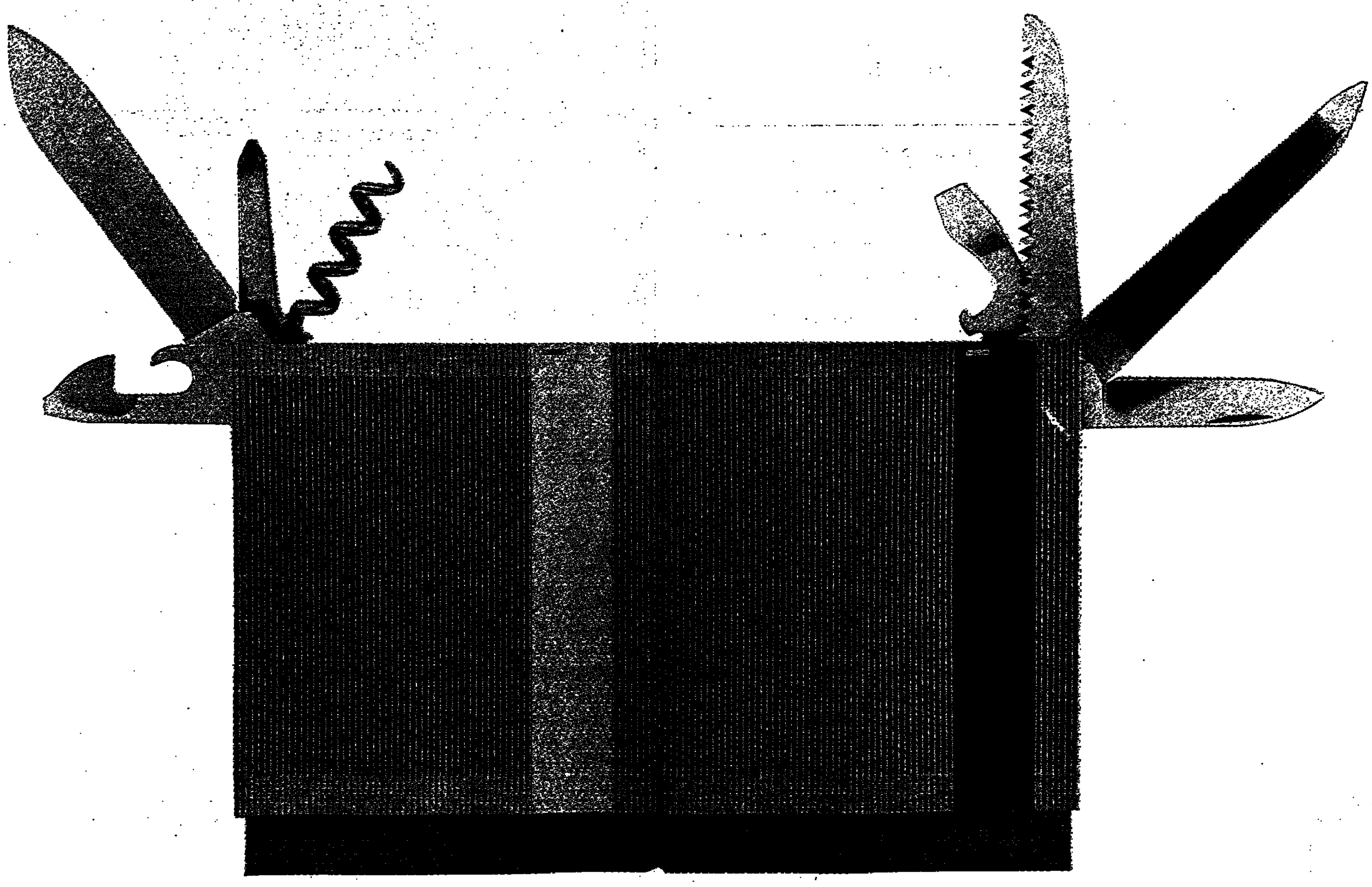

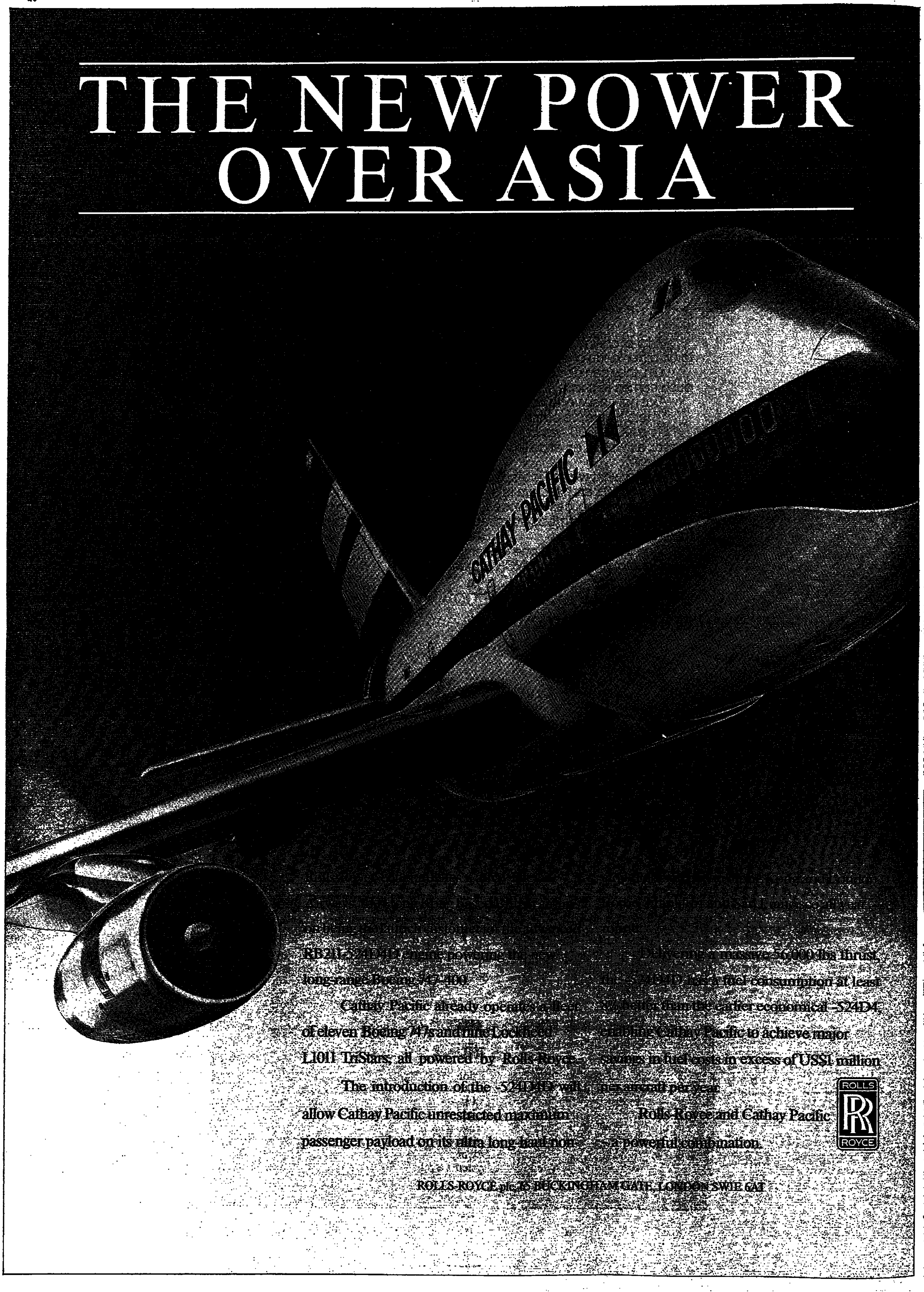
THE NEW POWER
OVER ASIA
CATHAY PACIFIC
long-range Boeing 747-400.
Cathay Pacific already operates a fleet
of eleven Boeing 747s and nine Lockheed
L1011 TriStars, all powered by Rolls-Royce.
The introduction of the -524D4D will
allow Cathay Pacific unrestricted maximum
passenger payload on its ultra long-haul non-
a massive 56,000 lbs thrust,
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TECHNOLOGY

David Fishlock, Science Editor, on how GEC won the race to design air data computers for US military aircraft

British answer to a poser from the Pentagon

Work on GEC's air data computers which will be supplied to the US Air Force and Navy. Some 3,000 will be built, with deliveries beginning during this summer

HOW'S this for an assignment: to design a single black box that will recognise and talk fluently to any of 38 different aircraft, telling the pilot precisely what he needs to know about the air through which he is flying.

This was the challenge thrown down by the Pentagon to its leading suppliers of avionic (aircraft electronic) systems in 1980. Some said the idea was impossible. But a dozen US companies and one from Britain responded. So far all the orders placed for the new multi-role air data computer — worth about $90m — have been landed by the British firm, GEC Avionics.

The new computer has also been installed in the Experimental Aircraft Programme (EAP), Britain's £230m flying testbed for a future European fighter aircraft.

The company says it could never have contemplated a challenge of such complexity without computer-aided design. Without CAD, the scope for mistakes would have killed a programme like this, contends Ron Howard, director and general manager of its flight systems division.

The air data computer is the nerve centre of every aircraft, and a type of black box his company has been designing for 30 years. The Pentagon had the idea of refitting about 5,000 aircraft of 38 different variants with a single design of air data computer, to minimise its capital, refit and support costs for an item expected to have a working life of about 25 years.

The aircraft come in 15 basic types, ranging from the single-seat A-4 Skyhawk to the huge C-5 Galaxy transport. They use a wide variety of computers at present, differing in size, location and age, and providing a widely varying amount of aerodynamic data to the pilot. Each aircraft has either one or two of these black boxes.

The Pentagon's plan for the standard central air data computer (SCADC) identified a possibility for saving over $1bn by having a single black box to update fleets of Navy and Air Force aircraft based on designs dating back to the 1950s. Under its SCADC programme, the Pentagon is expected to order upwards of 10,000 computers, worth about $300m in total.

Fleet update

But it wants guaranteed reliability in order to minimise the number of black boxes it needs to stock. Each aircraft has its own testing protocol designed in from the start, which the new black box would have to accommodate.

Specifically the challenge came from the US Navy Systems Command and Wright-Patterson Air Force Base. These agencies jointly issued an early warning to prospective contractors that all the data was not yet available for a specification to be written. Contractors were invited to help close the gap. They offered a fee of $5m to any who would help write the specification.

"I wouldn't like to say what it cost us," muses John Colston, manager of GEC Avionics instrument systems division. It was the company's first encounter with "interface meetings" where customer and contractor gather in a large conference to "brainstorm" their way through the design. Americans call it "working the problem." There were 75 people present at the first of the meetings the company attended.

Ron Howard believes it was "by far the most complex equipment bidding exercise the US has ever undertaken." It took his company an enormous technical effort just to understand the principles of SCADC —more than many companies are prepared to invest, he says.

The aim of SCADC from the start was to designate two suppliers, each having its own design, but seen by the customer as interchangeable and therefore competitive for each successive tranche of orders.

GEC Avionics took a decision to "design for production" from the start. By using CAD it was always working to a production configuration, while its rivals were making prototypes for the initial trials. It invested about £1m in CAD specifically for the project, says Fred Mackley, the company's programme manager.

It surmounted the first big hurdle in 1983 when the customer chose Garrett Air Research and GEC Avionics as its two suppliers for SCADC. Then it found itself deluged for months in floods of questions which the customer expected to be answered within 24 hours. The team soon discovered that the absence, no matter what reason, of the relevant expert was simply not an excuse the customer would accept.

GEC Avionics demonstrated convincingly to the customer that a single black box was unrealistic because of the amount of excess capacity it would carry. By grouping the aircraft into four types, it was found the varieties of black box could be reduced to four, mainly different in outward appearance to fit the different holes and interfaces of the aircraft. About 85 per cent of the electronics, however, is common to all 38 aircraft.

It required about 4,000 CAD drawings to make these four computers, and another 3,000 for the associated test equipment. A fifth was included to accommodate an extra Navy aircraft not included in the original programme.

Compared with the elegance of personal computers, these black boxes are ugly — a bit like old gas meters. Much of them consists of metal panels and sensors to interface with particular aircraft. They range from 11 to 19.5 kilograms in weight. But each has the same core of electronics — ten standard core modules plus one more to match the differences between aircraft types — comprising the computer itself. Its data must mate with a score of other black boxes such as the flight control computer, terrain-following radar, instrument landing, etc.

Ron Howard has no doubts any longer that the programme will be profitable for GEC Avionics. In the first place, the company has cracked big technical problems in order to win the first two SCADC orders — the only ones placed so far. But it is also confident that orders will continues to flow, not least because of Senate decisions on how much will be spent, and where, on defence in the late-1980s. Such decisions are "set in concrete," says Howard, and very hard to reverse politically.

Ahead of schedule

Moreover, the programme is to re-equip aircraft which already exist, not aircraft which may never be built.

Ron Howard believes the new computer could be worth $500m to the company over the next 20 years.

The Pentagon is aiming to update the 5,000 aircraft covered by SCADC programmes at the rate of 150 a month. First deliveries are due to be made on June 20 — 10 days ahead of schedule. Although the programme has two suppliers, GEC-Avionics is tooling up to deliver 120 computers a month.

Japan to use cards for vending machines

By Geoffrey Charlish

VENDING CARDS are likely to be developed by Nippon Telegraph and Telephone (NTT) in conjunction with Japan Tobacco and a number of banks.

The consortium plans to set up a company called Japan Card Engineering to develop card and vending machine technology and another, Japan Card System, to issue cards and handle sales.

Prepaid magnetic cards, plugged into the machines, will be debited in fixed steps until exhausted in the same fashion as prepaid telephone cards in the UK and Japan. They will be used to buy drinks, tobacco and similar items and will obviate the eternal problem of never having the right coins to use in vending machines.

US page readers get graphics capability

PAGE READERS made by US-based company Kurtzweil Computer Products can now scan line graphics as well as text, in any combination on the page.

Although half-tone illustrations cannot be dealt with, the enhanced model 4000 surmounts the problem of directly entering pages of manuals and technical documentation into a computer for subsequent electronic publishing operations.

With new software called Artscan, the model 4000 machine, of which 500 have been sold worldwide in just two years, can scan a mixed page in a minute or two.

All the operator has to do beforehand is tell the system the position of the graphics in relation to the text. He or she does this by laying the page on a "digitising tablet" and using an active stylus to mark the corners of the graphics area. The model 4000 then knows which areas to scan "intelligently" for text recognition and which for simple black or white graphics elements. Text and graphics electronic files can be held separately in a publishing computer and manipulated for page layout if desired.

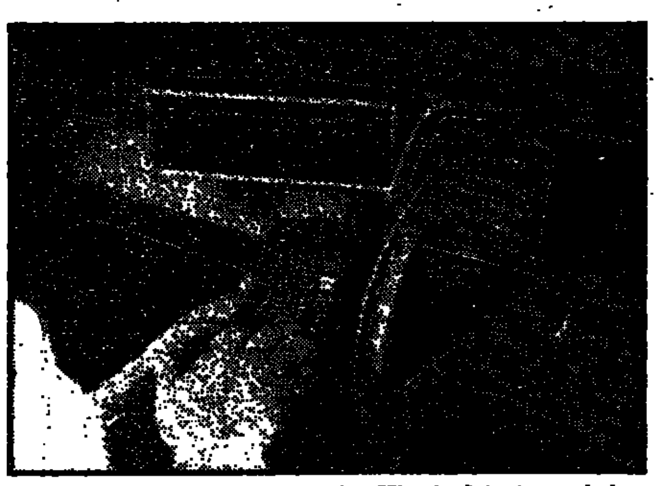
The international end-user price of the new software is $8,000 and more information can be obtained from Kurtzweil's newly-opened UK office in Reading, UK (07357 5258).

COMPUTER-AIDED design images containing complex solid-shaded "3D" images can be brought up on the screen of a terminal at a speed which is claimed by General Electric Calma of the UK to be much faster than competitive systems.

WORTH WATCHING

Edited by Geoff Charlish

Calma is using a new graphics processor called Graphicon 700 which will be sold as an option on its computer-aided design, engineering and manufacturing systems. The Calma equipments, based on Digital Equipment Corporation VAX and MicroVAX computers will now work at rates some five times faster than before for simple screen-refresh commands and 30 times faster for the generation of shaded images. In the UK, Calma is on 0276 682821.



In-car equipment for Spectronics Micro's data transmission system—80-character display unit and associated keypad

Data link aids fleet vehicle management

VEHICLE DATA transmission between the drivers of fleet vehicles and their despatcher at base is the feature of a new system from Spectronics Micro Systems of Cambridge, UK (0954 80888).

Using the vehicle's mobile radio link, the S600 Fleet Manager is aimed at organisations operating taxi, courier, security and emergency services, and freight companies.

The driver has an eighty character display unit and a simple keypad in the vehicle. He can be sent messages from base, such as clients' collection and destination addresses. In the reverse direction, the driver can send details of his geographical location and other information, needed back at base, in text/numerical form.

WHISPER ASPHALT is a new road surfacing material from West Germany which is said to be able to absorb up to 50 per cent of the noise made by tyres. It is to be tested by the West German Transport Ministry on 10 stretches of road throughout the country over the next five years.

ISDN CHIPS, semiconductor devices that will encapsulate the necessary electronic circuits needed for the forthcoming "integrated services digital network," are to be jointly researched by Northern Telecom and Motorola, of the US.

ISDN becomes possible with the all-digital phone networks gradually being introduced by the world's telecommunication operators. It allows text, data and video signals to be sent as well as just speech.

Northern Telecom is to provide Motorola with network and system information, chip specifications and test results while Motorola will produce chip designs for low cost, high volume manufacturing.

The chip sets that result will be marketed by Motorola, which is clearly hoping to establish a standard in this area.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

High technology

Why Poole's little fish are not bigger

Peter Marsh continues his series with a look at a small town phenomenon that failed to reach its full potential

A SLEEK, low-rise building crammed full of electronics equipment on the outskirts of Poole, Dorset, could be the headquarters of just another company specialising in high technology.

The building, the UK base for Factron, a multinational company which sells electronics test systems, is in fact the most visible manifestation of an extraordinary phenomenon in start-ups in engineering businesses in this part of southern Britain.

In the past two decades, about 45 new companies specialising in electronics and related areas have set up in or around Poole. The enterprises are linked to a remarkable series of activities in the 1960s at the Poole division of Plessey, the UK electronics group, recently subject to a bid from GEC. In every case, the companies were started either by disaffected engineers who left the Plessey unit, most of them between 1968 and 1972, or by others who departed from this first generation of Plessey spin-offs and from businesses formed in later splinterings.

Nearly all the Poole concerns have stayed small, with annual sales of no more than about £1m. The companies themselves are good examples of the type of technology-based start-ups which many hope will generate employment to compensate for the job losses in other parts of the UK economy.

As a result, Poole forms a good basis of study in an effort to shed light on the ingredients needed by small UK high-tech concerns if they are to grow to a significant size and also on the cultural and management impediments that may stop them doing so.

A "family tree" showing the companies which have started life in Poole from the Plessey connection is reproduced in the diagram. The pattern is similar, though more modest in scale, to that seen in other parts of the world (Cambridge in England or Silicon Valley in California for example) in which an isolated set of activities has led to successive waves of new technology-based companies.

While the Cambridge effect is connected to scientific or engineering work at the city's university and nearly all the Silicon Valley companies can be traced back to a few pioneering semiconductor enterprises such as Fairchild, the Poole phenomenon is unusual in being linked to what appears to have been a series of management blunders at a single large company (see panel).

The 35 or so Poole companies to have emerged from the Plessey defections and which still exist employ a total of about 2,000 people and account for a combined annual turnover of roughly £100m. The biggest and outwardly most successful of the Poole companies is Membrain, one of the few which have been taken over. Membrain was bought in 1977 by Schlumberger, the US-based oil services-to-electronics multinational, and now forms part of the company's Factron test-equipment subsidiary.

The Dorset division of Factron today employs 440 people and accounts for annual sales of some £35m, an increase of 55 per cent in the past 18 months. At the time of the takeover, it had eminently presentable sales of about £4m, built up since the start of the company in 1970.

Apart from Membrain, none of the other Poole companies has a turnover of more than about £15m. Companies with sales in this region include Quest Automation and Microsystems, two computer and electronics companies both of which are publicly listed.

Few of the Poole companies have obtained outside equity from sources such as investment institutions. Most appear to have been happy to build up their businesses on small amounts of cash, raised either through modest profits or by bank loans.

In the US, fast-growing, dynamic high-tech concerns are seen in greater numbers than in Britain, as a result of what appears to be the greater inborn drive of the average US entrepreneur and the large US markets for technology-based products. It is worth noting, however, that even in Silicon Valley, large companies are relatively few. Of the 3,000 or so computer-related manufacturing companies in this region in 1985, 70 per cent had fewer than 10 employees and 85 per cent fewer than 50.

Nonetheless, analysis of the Poole companies confirms some of the classic problems faced by small British high-tech companies as they try to grow larger. One problem simply is the weight of competition. As more businesses are attracted to a novel application of technology, the small concern can easily find itself squeezed out. For many such companies, "even survival is a success," according to Priya King, a researcher at the London Business School.

Another difficulty concerns management. As companies grow larger, their founders may lack the skills in areas such as marketing and recruitment needed to consolidate growth. "Many entrepreneurs are disasters in charge of £10m-turnover companies," observes Paul Bailey, an executive with Baring Brothers Hambrecht and Quist, a venture capital group.

The people behind the Poole companies have their own views. A key difficulty, according to Peter Noble, an ex-Plessey engineer who started Integrated Photomatrix in 1969 and is now technical director of another Dorset concern called Ambotech, is finance. He says a small concern often has trouble raising the several million pounds it may need to expand, by setting up overseas subsidiaries, for example.

An over-riding reason for the failure of many small high-tech concerns to break into the big league may be that the people who start these enterprises often dislike large organisations.

Perhaps the person most worth listening to is Tony Davies, an ex-Plessey employee who founded Membrain, which has grown to be the biggest of the Poole concerns. Davies had joined Plessey's Poole division in 1965 straight from university and set up Membrain in 1970 at the age of 26.

Not only this, after leaving the company shortly after the Schlumberger takeover, Davies went on to make a success elsewhere. In 1980, he bought control of an existing company, Computer Technology, and has built it up to sales of £30m annually—not a huge company internationally but large in comparison with most of the Poole businesses. In the process, the Winchester-based concern, which makes fault-tolerant computers and communications systems, has changed its name to Information Technology.

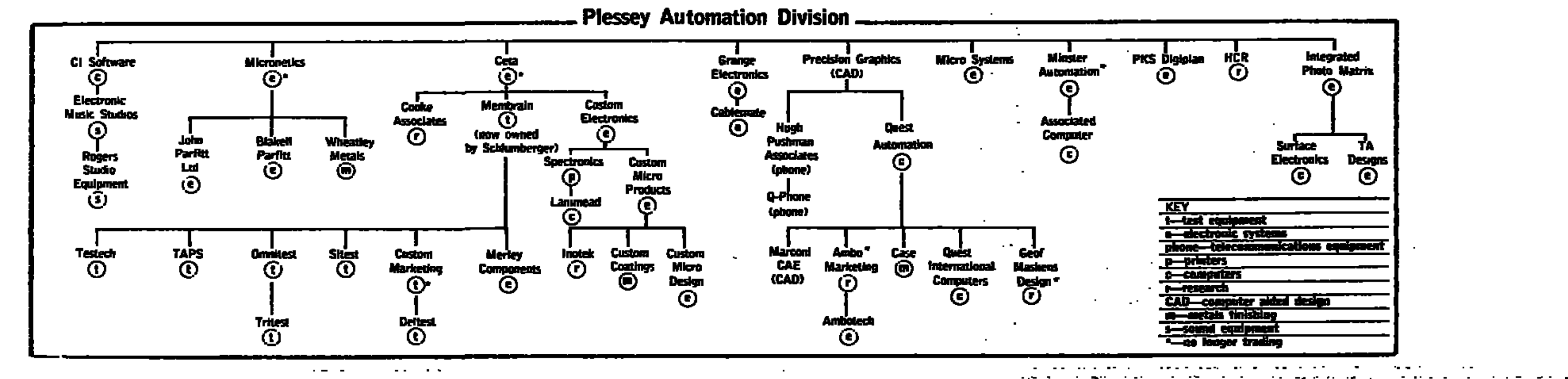
According to Davies, there are strong cultural reasons why a lot of UK high-tech companies stay small. "When they reach a turnover of £2m or so, many founders consciously stop expanding the business so they can have more free time. It's different in the US, which is a newer society and makes more use of material measurement to determine whether people are successful."

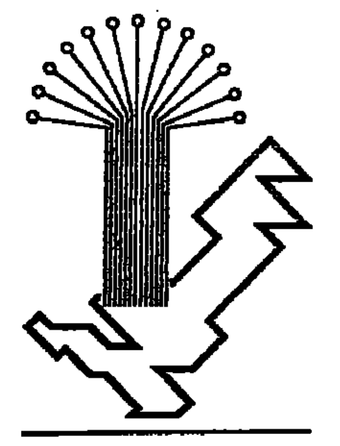
To what does Davies owe his own relative success? He cites a mixture of ingredients, including a willingness to give up total control of his companies (he owns only about 35 per cent of Information Technology) as a way of gaining new sources of investment and of management skills. Other ingredients are good luck, and a determined attitude—"I have an ambition not just to be in business but to gain a particular market share."

One of Davies's ex-employees, who asked not to be named, is possibly more revealing. He says of the high-flyer: "He's enthusiastic, commands the loyalty of his staff and does not spare himself. Tony's an engineer and I joined him as an accountant—but he could look after the finances better than I could. He can look at a business problem and define the simplicities rather than be diverted by the complexities that bog most of us down."

In other words, putting aside the arguments about culture, cash and business strategies, the question of whether high-tech companies can grow bigger centres on personal characteristics of the people who set them up.

This theme will be taken further in the next article in the series, which looks at six different success stories in UK high-technology industry and which will appear on Friday. The first article was published on Monday.





THE CONCENTRATION of small electronics-based companies in the Poole area can be traced back to 1965, when Plessey set up a new automation division in a disused armaments factory near the town. The unit, staffed by about 1,000 engineers, was meant to propel Plessey into a brave new era of technology.

No doubt inspired by the rhetoric of the 1960s Wilson government, which continually enthused about how advanced technology could regenerate Britain's industries, Plessey turned its automation division loose on a wide range of problems.

Working for the unit must have been, initially at any rate, an engineer's dream. Many of the projects were far ahead of their time. Among them was work on an early form of computer memory, based on early forms of microchips, which would have taken up the space of a small room.

The Plessey engineers also tackled new types of sensors and a pioneering design for ERNIE, the computer for Britain's premium bond draw or national lottery. The work was nothing if not wide-ranging. Other projects included a bar-code system for registering library books; electronic circuitry that could recognise speech; and a document reading system to record the level of sensitivity of confidential military documents.

By about 1968, the engineers sensed something was wrong. According to those who were there at the time, Plessey failed to set up a marketing effort to find useful outlets beyond the research laboratory for its technical ideas. "A lot of the projects were based on fundamentals that were not sound," recalls Richard Perryman, now technical director at PKS Digiplan, an electronic-drives manufacturer which he left Plessey to establish in 1969. "It was like building houses in the sand."

Roger Harding, who was at the automation division from 1969 to 1975, when he broke away to form Microsystems, says he grew irritated at having his ideas come to nothing.

Perryman and Harding were among 10-20 engineers who formed the first generation of Plessey spin-offs. Significantly, when they first thought about leaving, there were few employment opportunities in the region from existing big electronics concerns. Thanks to the pleasant Dorset countryside and sandy beaches, few of the engineers wanted to leave the area; setting up on their own was in many cases the only option.

By the early 1970s, Plessey had abandoned its most visionary projects at Poole and reoriented the division to concentrate on specialist areas such as data communications and traffic control systems. Today, the automation division trades under Plessey Controls.

From Plessey's point of view the defections of so many talented engineers was "a bit of a waste," according to Phil Cooke, who was head of the automation division's research group until he left in 1968 to form his own test-equipment company, Ceta. Somewhat ambitiously, Ceta stood for Cost Effective and Technically Advanced; unfortunately, the company closed after a few years, though several people working for the concern subsequently formed other companies. Cooke now runs his own research consultancy in Brighton.

What was the official Plessey view? Eric Clark, who was chief executive of the Poole division from 1974 to 1979, says it was healthy and stimulating that engineers who found their ideas could not make progress within Plessey should leave to set up on their own. "There was no feeling of 'My God, we have had a brain drain'," says Clark, now managing director of BICC Cables.

Derek Roberts, who is today deputy managing director of GEC and who, in the early 1970s, was head of Plessey's research centre in Caswell, near Northampton, has a different recollection. He says there was a feeling that the Poole operation "had not been sensibly managed" and that he had not been surprised at seeing the mass defections.

FINANCIAL TIMES SURVEY
Wednesday June 11 1986

The Legal Profession

Competition, cost pressures and the pace of technology are about to thrust radical change upon Britain's lawyers.

Time for a new flexibility

By A. H. Hermann, Legal Correspondent

LIKE THE City of London, the English legal profession is facing a "big bang."

The upheaval, which cannot be now much delayed, will be brought about by the almost simultaneous maturing of four factors:

- The gradual erosion of the profession's barriers to entry and to internal competition;
- The appearance of external competition, both domestic and foreign;
- The pressure for greater cost effectiveness of the legal services from the Government, which became the single most important paymaster of the profession;
- And finally, the rapid development of communication and information technology, which will further intensify both internal and external competition and facilitate the adoption of cost-saving procedures.

Throughout the 19th century, the legal profession successfully limited entry to its ranks by premium fees demanded from articled clerks by solicitors and from pupils by barristers, in addition to the cost of maintenance which, in the first years, the young lawyer had to meet out of his private funds.

In the case of the Bar, numbers were kept down further by the rejection of all who were unlikely to become "gentlemen," and by the weeding out of young barristers who did not make ends meet after a few years of practice.

During the 19th century and the beginning of the 20th, academic legal education was of no great significance for entry into the profession. A dramatic change has taken place in the past two decades as the impact of new universities and polytechnics, and of grants to students, has diminished the importance of on-job training as a barrier to entry. At the same time, legal aid has made possible the survival of many young barristers and some solicitors who otherwise could not make the mark.

So far, the legal service has maintained its internal market-sharing arrangements. This ensures the barristers a monopoly of appearance in higher courts, and solicitors a monopoly of access to clients.

These changes resulted in a rapid growth of the profession. The number of private practitioners at the Bar increased from fewer than 2,000 in 1961 to more than 5,000 in 1984—over 170 per cent—in spite of the continuing restriction exercised by the shortage of tenancies in chambers. The number of solicitors increased in this period by almost 140 per cent.

In the 1970s, women started to make a mark in the profession. They seemed to be less encumbered by traditions and more forward-thinking than their male colleagues. Of even greater importance, the expansion of the last 20 years has increased the proportion of hungry young barristers and solicitors, to whom change could bring benefits.

While the older men may prefer to preserve their privileges and monopolistic practices until they retire, the young men and women of the profession must be concerned about the *increasing external competition.*

For the solicitors, who have so far derived half of their income from conveyancing, the greatest threat comes from the acquisition of estate agents by banks and building societies, who will then provide a comprehensive property service by employing solicitors or licensed conveyancers in their estate agencies.

One response to this threat has been the formation of a Conveyancing Exchange which, for a negotiated annual fee, offers to market solicitors' conveyancing services, providing them with ancillary services, and attracting clients by a promise to monitor the quality of the services provided by the associated solicitors. This fills a gap sorely neglected by the Law Society.

However, though association, greater cost-effectiveness and improvement of quality may help, it will be an uphill job to defend anything approaching the present share of the conveyancing market once the banks and building societies start to operate on it in earnest. And while solicitors were saturated with conveyancing, probate and family affairs, the more rewarding field of advising businessmen has been *occupied by a few specialised* firms and increasingly, by accountants.

As a result, 23 leading City law firms look after the business of some 1,500 large companies (an average of some 63 companies per partnership); and 10 leading provincial and Scottish law firms look after 233 large companies (an average of 23.3 per partnership).

Even within the group of 23 leading City firms, there is a heavy concentration of business at the top. Half of the large corporate clients, including the largest of them, are served by the five biggest City law firms. These employ specialists, and are not much concerned with access to the courts — they do most of their commercial litigation in chambers, where they have direct access without the need to employ barristers.

Even more important, perhaps, is the competition from accountants, whom the indolence of solicitors allowed to take over the profitable tax business, and who are now expanding fast into other departments of law — particularly in the field of law compliance, in connection with the growing importance of regulation and self-regulation schemes. They are also acting *increasingly* as business advisers and as providers of business analysis and economic advice in connection with mergers and acquisitions.

Another external pressure on the profession is vividly illustrated by the present negotiations between both its branches and Lord Hailsham, the Lord Chancellor. Through legal aid, the Government sustains both the Bar and the solicitors and is now a decisive paymaster.

Lord Hailsham, and his successor perhaps with even greater vigour, will press for streamlining of the court procedure initiated by Sir John Donaldson, the Master of the Rolls, in the Court of Appeal, and now pioneered by Lord Hailsham for all civil courts. It is bound to spread also into the criminal courts, and will be greatly assisted by the computerised communication services now available both to practitioners and to courts for office administration as well as for the retrieval of information.

Judicial reflections in Chancery Lane

A VISION OF THE FUTURE

A possible scenario runs as follows . . . Though Lord Hailsham is still believed to protect the Bar, the reforms that he must demand in order to slow down the escalation of legal aid costs will bring about important changes for the profession. The expansion of written procedure will reduce the call on barristers' services, and sooner or later they will be obliged to give up the appearance in pairs —a *QC and junior*—and the insistence on the attendance of a solicitor.

This, in turn, is likely to lead to the end of the privileged position of silks within the Bar and give a greater chance to juniors. Greater control of the procedure by the judge will deprive solicitors of a steady income from litigations and pre-trial procedures dragging over many years.

The streamlining and speeding up of court procedure is bound to be followed by a similar increase in cost effectiveness of arbitration, further accelerated by the pressure of alternative methods of dispute resolution. These are expanding, because both litigation and arbitration became too costly in terms of money and managerial time, in addition to damaging business relations through their adversarial nature.

All of this is likely to lead to a collapse of the present structures. When its own "big bang" comes, the legal profession will be forced to look across the Atlantic

In order to survive, solicitors will have to offer a complete service, and to be able to do so will merge or associate with large firms. This will not exclude the continued existence of highly specialised small firms, which will provide services similar to those of barristers at present.

Barristers, who have already tasted the advantages of direct access (and of contingency fees) when acting for or advising foreign clients, are likely to trade willingly their court monopoly for direct access to domestic clients.

As a result, successful solicitors will employ young barristers in their offices, and successful barristers will build up offices employing not only clerical staff but also qualified solicitors. In this way, the fusion of the profession will be brought about — and the client and the state, as the principal paymaster, will jointly determine the pace of the transition.

Pictures: Trevor Humphries

In the Middle Temple

The Legal Profession 2

The Bar

Beware conservatism and insecurity

THE BAR should be profoundly concerned about its prospects. The present leaders—Robert Alexander QC and Peter Scott QC—show a new awareness of the business end of barristers' work. But they and other practically-minded professionals are too often put on the defensive by past Bar complacency.

There is the enemy without (public opposition, even hostility); but there is also the enemy within—the conservatism and insecurity of practitioners, protecting their own corner from change and ignoring the need to enlist the best of the young to give the Bar as a whole a secure future.

Shorn of self-justification and self-importance, the Bar is essentially a separate corps of courtroom lawyers. To survive, its privileges—restricted access, monopoly rights of audience, judicial recruitment ground—have to be balanced by offering a specialist, efficient service to the public. The Bar has a heavy task promoting restrictive practices which make the litigant (or the Legal Aid Fund) pay for two lawyers instead of one.

Work done by the Bar can be divided into three broad classes: subject specialisation, general practice and public service work.

The subject specialist can be left to look after himself. The barrister who knows all there is to be known about competition law or capital transfer tax will survive with or without the Bar's special standing.

The commercial Bar is a hybrid which will probably survive willy-nilly. Although the law, argued on a five- or six-figure brief fee, may be basic contract, the fearful complexity of the issues and evidence calls for people with special insight and experience.

The public service end of the Bar, funded directly or indirectly by the state, is also a special case. In criminal defence work, the Bar's venerated "independence" is probably at its most important. A Department of Legal Services employee would not inspire confidence in a person prosecuted by another department official. Despite its paper victory on legal aid fees—it has only got the Lord Chancellor to talk about them—the Bar should not moan too loudly about its state-financed pay when its earnings compare favourably with those of others standing higher in the public esteem, such as nurses and teachers.

But the Bar's middle ground is where the profession will stand or fall. The young barrister, ill-paid for public service work, aspires to general practice—personal injuries, business disputes, landlord and tenant, family property—usually paid for by individuals, companies or, increasingly, legal costs insurance.

Here, arguments in favour of compulsory two-lawyer representation are: first, a barrister's second opinion protects the solicitor from negligence suits and his client's personal grievances; second, forensic skills are themselves a sort of specialisation; third, barristers offer a cheaper service than solicitors.

Sustaining the first argument depends on solicitors. If they want protection, some part of the Bar will survive regardless of monopoly.

With the move to fewer oral court proceedings now under way, the barrister's special eloquence and the common language shared with the (ex-barrister) judge diminish in importance. His mastery of procedure is often outclassed by his instructing solicitor's. Employment may come to depend rather on price than on skill. This is dangerous ground. "Cut-price" is not synonymous with "efficient."

For efficiency, the Bar must adjust to innovations, and this means more than getting a word processor and telefax. Some City solicitors are already using computers and in-house barristers to check on and sometimes substitute for counsel's opinion. Advance budgeting for a court case is as important fir litigants as for other people's clients. Opinions should he supplied within days rather than weeks. Writs should be issued early on, not just before the time limit expires. Accountants should be instructed to counterbalance lawyers' innumeracy. The potential is great, but it will sometimes call for a 180-degree turn of attitude, and courage to forgo potential fees in the client's interest.

Trevor Humphries

Sunshine near Lincoln's Inn

With each barrister in competition with every other barrister and little scope for genuine co-operation of working interests, the internal organisation of the Bar is ill-fitted to innovation. More serious, it will in time turn able middle-ground lawyers away from the Bar.

Its resistance to partnership remains odd. The reduced volume of work in recent times and the resulting shortage of places for new barristers have temporarily blinded the profession to the dangers posed by individual lack of job security, unsatisfactory career structure and unsound business management.

The new barrister, having probably spent many months as a "squatter," grabs the offer of a place in chambers with relief and gratitude. Although formal constitutions are not unknown, most chambers' heads merely invite a person to join, with terms for rent and expenses, after a more or less incoherent "democratic" consultation with the other barristers.

The individual's contractual relationship with the head of chambers is obscure; with the other members, it is probably non-existent.

He has no real protection against dismissal from chambers at the discretion of just one member (the head), let alone of a small cabal. He has none of the legal protection accorded to employees and professional partners, and if he were to embark on speculative litigation it might well make him "untouchable." His chances of finding other chambers are probably zero. Unlike other professional people, he is not allowed to practise on his own.

Except where there is professional misconduct, even the Bar's professional body only *advises* that a barrister be given three months' notice.

Choosing, notwithstanding, to embrace these risks, the young barrister's career will follow a curious, if delightful, course. At the start, he may have time on his hands because of shortage of work, when his energy could be used to help out in the practice. He will then do everything that comes his way for fear of losing a client to a competitor. When unbearably busy, he will apply to become a QC.

Being a QC is itself risky, but, if successful, he is then in the running for a complete mid-life change of career—becoming a High Court judge. "Appointment to the Bench is essentially the second stage of a career at the Bar," wrote Peter Scott in a recent issue of Counsel. This is odd for a barrister who is really good at his chosen job.

Failure to become a judge by the age of 54 or 55 will lead to being seen as "passed over." This is cruelly young to begin going downhill, let alone into forced retirement.

Barristers' business management preserves costly techniques, because no individual dares to question staff competence for fear of having his briefs transferred to a fellow barrister. Although many clerks are now paid partly on a salary, senior clerks (ie aged at least 26) often earn a lot more than most of the barristers they serve. In May, a clerk settled his claim for unfair dismissal for £45,000 equalling one year's notice.

When the barristers' tax exemption for fees collected after retirement was abolished, the clerks' exemption for commission collected after retirement remained tax-free. For self-employed barristers transferring to be PAYE judges, the result of the Inland Revenue assessment method (paying up to three years' tax at once) can be crippling. In the recent clerk's case, his uncollected commission came to £12,000.

The Bar needs time for internal scrutiny. A welcome, though medium-term start was made by setting up a joint committee with the Law Society. Much to the leadership's credit, judges are to be excluded from the Bar's internal government. They have no special vice — they are simply irrelevant to and a restraint on the practising profession. For its own members, the Bar should reconsider partnerships, at least among barristers themselves. The question of interprofessional partnerships, with solicitors and accountants, could perhaps be put on its future agenda.

Celia Hampton

Solicitors

Eschewing the brash and abrasive

GLOSSY BROCHURES setting out the range of services provided by some of the bigger firms of solicitors are proliferating. Simply-worded advertisements in newspapers, usually placed by smaller firms, are another sign of one of the changes taking place in the legal profession.

For the past 18 months, solicitors have been permitted to advertise, following an amendment to the rules of the Law Society which is the governing body of the profession.

The form that the advertising can take is determined by a set of guidelines which ensure that nothing brash or abrasive is introduced. For example, "the advertising may refer to the quality of service provided by solicitors in general but not that provided by the firm. Advertisements must not suggest that the firm is superior in its practice to other solicitors . . ."

Nevertheless, the move represented a substantial step, and one which is likely to be taken further when proposals by a working party will be put to the Council of the Law Society in the autumn. The most important of these would be to allow any advertising unless it is specifically prohibited—the opposite of the present approach, under which any new form of advertising is automatically prohibited until approved by the Law Society.

WHERE THE SOLICITORS WORK

	1973	1983	1984
Solicitors with practising certificates ...	32,013	42,094	45,732
In private practice ...		32,425	38,652
In commerce, industry and nationalised undertakings ...		1,931	1,829
In local government ...		2,869	3,000
In government service ...		106	100

Source: The Law Society.

Pressure on the profession to lift its ban on advertising came from the Government as part of its policy to make the professions more competitive and give consumers a greater choice.

But the Government's biggest blow to solicitors was delivered by ending their monopoly on property conveyancing. Although the final wording of the Building Societies Bill in relation to conveyancing is not yet available, there can be no doubt that it will force big changes in the way that the traditional "family practitioner" type of solicitor goes about his work.

Still to be decided is when financial institutions will be able to offer conveyancing services to clients to whom they are also lending money. When permitted, it is expected that it will offer a very attractive alternative to clients who have had no choice previously but to use solicitors or do their own conveyancing. The rules for the new profession of licensed conveyancer are being drawn up by the body appointed by the Government.

A few firms have responded by setting up "property shops" with surveyors and estate agents, to offer packaged services to homebuyers. Competition between surveyors is also increasing, a few firms being bold enough to quote their fee in advertisements. All this is good news for the consumer but poses a considerable threat to the bread-and-butter business of the small solicitor. The Law Society estimates that about 60 per cent of solicitors' income comes from conveyancing.

Solicitors' margins have also been squeezed on legal aid work, which was the reason why the Law Society commissioned a special survey of the financial plight of those members who rely on this type of work for a substantial part of their income. The government rejected the Law Society's claim for a 26 per cent increase, and offered 5 per cent. Solicitors are now engaged in discussions with officials, in a bid to get increased the offer which was forced on the Government following the barristers' successful court action against the Lord Chancellor.

The headquarters of the Law Society, in Chancery Lane

Given their difficulties, it is not surprising that this wing of the legal profession has been putting pressure on the Bar to allow them greater rights of audience in the higher courts.

Not all solicitors covet the barristers' monopoly, which was only slightly breached by the recent direction allowing solicitors to make statements in formal and unopposed hearings. Many firms value the specialist expertise offered by barristers in areas that they could not provide themselves. But the possibility of common training for the legal profession—advocated in a consultation paper from a Law Society working party earlier this year—could well gain substantial support. A joint body was set up by the Law Society and the Bar Council in April, under an independent chair, to study areas for change and will report in two years' time.

There are other issues to test the profession's adaptability. Perhaps the most important will be that of coming to terms with information technology, which offers the prospect of much quicker and more efficient legal services in all sections.

This autumn, suppliers of value-added network services will make a presentation to the Law Society and outline proposed technical solutions for a legal electronic network. However, the problem of many firms not being able to find the resources to introduce and keep up with such technology, threatens to make things even more difficult for the traditional practice.

Although not expected to have much impact on the profession as a whole, the European Commission's proposal to make professions recognise the qualifications pertaining in other EEC member states—which would permit lawyers to practise throughout the Community—is another example of an external force bearing down on the profession.

On this and other issues, solicitors have tended to react rather than anticipate. Like many professions, they have been shielded largely from the rapid pace of change that has affected most of business and industry.

But this is changing. The public wants cheaper legal services, or at least the chance to choose between the best and the cheaper. They also want convenience, which means getting professional services under the same roof. Solicitors have no choice but to respond to the challenge posed by newly-competitive conditions.

Hazel Duffy

In the provinces

Legal aid is the common grouse

"THERE IS a big bang in the legal profession. It will never be the same again," says David Biart, the senior partner of a Chichester firm of solicitors.

The firm calls itself a provincial solicitors' practice, but there are many who would not recognise the firm as such, because, in some ways, it has more the air of a city solicitors' office than a comfortable country practice.

It has 23 partners, three offices—in Horsham, Chichester, and Paris—and the experience of everything from financial services to community law and corporation finance. Such provincial firms are still in the minority, but some solicitors believe they will gradually replace the traditional firms of provincial solicitors.

Not everyone goes along with David Biart's big-bang theory, and there are thriving traditional practices around the country which stoutly maintain they are under no pressure to change.

It is mainly the large firms that have the desire and capacity to follow the trend for specialisation. The Law Society's analysis of fee income from different catagories of work for 1985 shows a direct relationship between the size of a firm and the work it does — the smaller the firm, the greater the proportion of domestic conveyancing; the larger the firm, the greater the proportion of commercial, company and specialised work.

Solicitors who believe the days of the general practitioner are numbered maintain that the change has been brought about by solicitors' loss of the conveyancing monopoly, the increasingly complex and diverse nature of the law, and solicitors' newly won right of audience in the High Court.

"People have to realise that the profession has changed. An individual solicitor is not going to be able to advise on a wide range of subjects. The public have to accept that they will have to be referred by a sole practitioner. The service will be just as good, but different. To a certain extent, over the past 200 years, solicitors have acted as social advisers and even social workers. It's not going to be possible for that to happen any more," says David Biart.

It isn't only commercial pressure that is encouraging some provincial solicitors to specialise. Following the Jasmine Beckford inquiry report, *A Child in Trust*, the Law Society has decided that, from the end of this year, in order to sit on panels of solicitors acting for children, lawyers will have had to attend an approved practical training course beside having to comply with the four-clause criteria already set out by the Society. The Society also insists that only solicitors with a minimum level of experience sit on panels dealing with mental health.

While recent correspondence in the Law Society's Gazette shows that many people mourn the passing of the general practitioner in favour of the specialist, there are many traditional provincial solicitors' firms left.

Barbara Rees is senior partner of one such firm in Swansea. Unlike the new-style firms, hers is scattered between six offices manned by seven partners and two articled clerks. Most of their work is of the traditional kind, like conveyancing, although Barbara Rees happily handles work outside her normal field.

"It's just another job, although I wouldn't consider myself practised enough to deal with, say, company law," she says. But Barbara Rees maintains that her firm is doing well, and cites as proof the fact that they have recently opened a new branch office.

Money, or lack of it, from the legal aid system is the common grouse which unites all provincial solicitors.

Solicitors complain about the amount of legal aid and about the time it takes to be paid under the system. The Law Society estimates that, over the past four years, the demand for legal aid has grown by 44.52 per cent, while staff numbers dealing with it have gone up by a mere 8.66 per cent. Most solicitors feel hard done by; and, as they point out, that can't be good news for the public. "It is inevitable that, if the Government is not prepared to pay the real cost of legal aid, the public will suffer," says David Biart.

Jane Owen

Hugh Routledge

John Bailey, Procurator-General and Treasury Solicitor, considers the work of a government lawyer more interesting than any other legal job, though the response to currently advertised vacancies is disappointing

In Whitehall

Akin to a large City solicitors

WHEN THE Bar surveyed the incomes of barristers handling criminal legal aid cases, it was to the salaries of lawyers working in government that it looked for a comparator.

This was one of the rare occasions when a spotlight was turned, albeit briefly, on one of the least-known sections of the legal profession.

Scattered throughout the Whitehall departments are nearly 800 lawyers who comprise the legal civil service, advising on every aspect of the law as it affects government, doing the initial spadework on Bills, drafting secondary legislation—regulations and orders made under powers conferred by statutes—and, in some cases, handling litigation on behalf of the Crown.

They include barristers and solicitors in roughly equal numbers.

"I don't think we distinguish between barristers and solicitors—at least, I hope not," is the diplomatic comment of John Bailey, head of the legal civil service and himself a solicitor, who rejoices in the title of Procurator-General and Treasury Solicitor.

Law, he says, has become increasingly important in government. Over the past 30 years, there have been tremendous changes, particularly in the growth of administrative law affecting the relationship between the Crown and individuals.

Some indication of the status of lawyers in the Whitehall hierarchy is given by the statistic that 11 per cent of places in the top three Civil Service grades — Permanent Secretaries, Deputy Secretaries and Under Secretaries — are taken up by legal civil servants.

At the heart of the service is the 153-strong Treasury Solicitor's Department. It does all Crown conveyancing and handles litigation for most government departments.

Treasury Solicitor also advises the Cabinet Office and the Treasury, and its staff serve in out-stations at the Defence Ministry, Education and Science, Transport and Energy departments.

John Bailey regards his department, which last year dealt with between 20,000 and 30,000 matters (including 10,000 pieces of litigation) as akin to a large City solicitors' firm, though with even more extensive interests.

Divided about equally between advisers, conveyancers and litigators, his staff range wide in their work: from family law, through Admiralty law, immigration, deportation and extradition, town and country planning, to employment law—to mention only a part of it. Their remit also embraces the Monopolies and Mergers Commission, charity matters, official secrets, public inquiries and Crown contracts.

The work of a government lawyer, claims Bailey, "is more interesting than any other legal job." None the less, recruitment is currently a problem. Apart from the perennial constraints imposed by money and staffing levels, the legal civil service, like private law practices, is feeling the effects of the approaching Big Bang.

Like everyone else, the Civil Service is looking for the best legal brains. "We can't recruit as many able people as we would like," says Bailey.

His department has lately been advertising 48 vacancies in lower-grade posts, offering salaries up to £25,000, and has been concerned by the relatively small response.

While not as immediately affected as lawyers in private practice by the winds of change blowing through the legal world, the civil service lawyers have not been unaffected.

A working group has been looking at the way Whitehall's lawyers operate, with a view to making them more efficient and time- and cost-effective.

A law unto themselves—in the sense that they are not part of the legal civil service under the aegis of the Treasury Solicitor—are the legal advisers at the Foreign and Commonwealth Office. Members of the diplomatic service, they provide the expertise in the field of public international law that is central to the UK's relations with other states.

Once, the Foreign Office was the exclusive preserve of barristers, but today, like their colleagues in the home civil service, they divide about equally between the two branches of the profession.

Nineteen are based in the UK, though likely to spend some considerable time travelling to various parts of the world as part of government teams.

Four others are stationed abroad; one each in Brussels and New York, covering the EEC and the UN, and two more in Bonn and Berlin, where the UK retains post-war four-power responsibilities.

Apart from handling cases brought against the UK under the European Human Rights Convention and in the International Court in the Hague (the European Court of Justice in Luxembourg is the province of the Treasury Solicitor), the concerns of the Foreign Office lawyers are with the plethora of *international treaties* to which the UK is a signatory.

Theirs is the task of drafting and interpreting, and advising on the legal implications of such matters as the bi-lateral negotiations with the French over the channel tunnel, the nuclear non-proliferation treaty, and investment protection agreements.

In the aftermath of the shooting at the Libyan People's Bureau, it was they who had to tackle the delicate problems of diplomatic law and the status of foreign diplomats.

During the Falklands conflict the FO's lawyers became, literally, Whitehall's legal warriors, advising the government on the law of war.

Raymond Hughes

In the City

Shaping up for the Big Bang

IT HAS been a good year for the City, and a very good year for City solicitors.

The problems of country and suburban practices facing up to competition in conveyancing and low fees for criminal legal-aid work are light-years away from the world of contested takeovers by big corporations, and from the necessary legal preparations for implementing the Government's privatisation programme.

The run-up to the Big Bang this autumn is providing plenty of work for the large firms that have been advising the potential players on what will, and will not, be possible within the framework drawn up by the Government and the City bodies.

The combined effect of these three key areas on the fortunes of City firms must amount to a near bonanza, although such is the discretion of the partnership form that outsiders do not know just *how* good it has been.

The firms, while admitting their good fortune, also point to some of the issues that have been thrown up by the big increase in business. One of these is management. Firms are organised traditionally on the basis of specialisation—although some are anxious not to let individual partners over-specialise to the extent that they cannot advise clients on a range of areas. Each partner has a target to meet, set annually after discussion about the possibilities. And there are functional responsibilities allocated to partners: for example, new business, recruitment, *office equipment*.

Most business and industrial organisations, however, would spot immediately the need for some form of management system to be introduced, particularly to cope with the growth in opportunities, and the prospect of new developments which will increase competition.

Some firms admit that the low emphasis placed on management in the traditional structure poses problems.

The usual competitive weapons are not all available to solicitors. Restricted by rules limiting the presentation of their experience and specialisations, many firms have resorted to the *production of rather* sober brochures, setting out simply what they are able to do.

Competition between solicitors, however, could be dwarfed by movement on other fronts which is beginning to make itself felt. City firms, naturally, pride themselves on their legal advice. But many also advise on other things, such as pensions, share ownership schemes, tax, etc. They realise that this is an area where they would like to increase their presence, but they are in danger of being pushed aside, notably by accountants.

Legal experts are also being poached from City firms by accountancy firms, to increase the effectiveness of the services that the latter can offer.

This raises some possibly dire prospects, in the eyes of some solicitors, particularly if the Government decides to apply pressure to the professions to relax their rules regarding mixed partnerships. This means that accountants would be able to take solicitors into partnership, and vice versa. The fear, however, *is that accountants*, with their greater financial muscle, would emerge the stronger.

These possibilities are only just beginning to surface. More immediately, City firms are reconciling themselves to the chance that this past year has seen an extraordinary peak in their workloads. The relatively new element of resort to the courts by companies involved in contested takeovers, for instance, is not likely to go on.

But there will still be plenty of legal work required in the more stable aspects of corporate activity, British and international, banking, shipping, intellectual property rights, etc. In the meantime, if London establishes itself along with New York and Tokyo as the key financial centre following the Big Bang, there will be substantial spin-off, probably after a settling down period. Meanwhile, privatisation continues, with the Government trying to spread around its workload a bit more—until recently, three firms — Slaughter and May, Freshfields, Linklaters & Paines — have taken the lion's share.

With all that is going for them, perhaps it is not surprising that possible changes in the legal and other professions do not get much attention.

Hazel Duffy

The Legal Profession 4

Scottish Law

Shades of northern difference

LONDON IS not always the front door of Scotland as visitors frequently seem to think. Foreign businesses (and even English ones) wishing to locate in Scotland are often surprised to find that it has its own quite distinct system of law with a separate legal profession and its own criminal and civil courts.

Property law, family law (including trusts and succession), and criminal law are all quite different from the law in other parts of the United Kingdom. But in other areas, the distinctive feature of Scots law (which is based on civil law) have been gradually eroded, particularly by statute.

Areas of law firmly statute-based and common to Scotland and England include: taxation, employment, consumer protection and restrictive practices, residential (as opposed to business) tenancies, as well as most aspects of company law, the law governing partnerships, and the law of insolvency (though not personal bankruptcy).

Where a statute covers the whole of the UK, it will often contain separate provisions peculiar to Scotland. In other areas, such as planning and compulsory acquisition, while the end result may be broadly similar in Scotland and England, Scotland has its own body of statute law.

So far as case law is concerned, the ultimate court of appeal in civil matters for both Scotland and England is the House of Lords. The decisions of that court, which sits in London, are binding in Scotland only in relation to matters of Scots law: otherwise, while English decisions may be referred to in Scotland, they are merely persuasive and not binding.

One of the first matters upon which a foreign business is likely to require advice is property law. The system of purchase and sale of land and houses is usually welcomed by the foreign company, as there is an element of certainty which is often absent in the English system. Once the contract has been concluded in Scotland (i.e., the offer to purchase or sell is formally accepted), completion will be effected on the due date. This precludes any possibility of gazumping, or the familiar "chain" of purchasers which in England carries the threat of one of the links in the chain breaking putting the rest at risk

The concept of purchasing "subject to contract" is unknown in Scotland, and the purchaser when submitting the offer has in most cases arranged funding and obtained a survey report and valuation — this applies equally to the purchase of commercial and private property—although there may well be suspensive conditions in respect of planning matters.

In Scotland, solicitors may also act as estate agents, and the combined service in most instances will reduce the cost of the sale to the client. A growing number of Scottish solicitors have opened property shops, creating competition for the high-street estate agent. Virtually every city and large town has its local Solicitors Property Centre, where all the solicitors in the locality advertise their properties under a single roof.

The foreign company will also encounter basic differences in commercial leases. There is very little statute law affecting commercial properties in Scotland; the Law of Property Act 1925 and the Landlord and Tenant Act 1954 do not apply, nor is there security of tenure for business tenants.

However, Scots lawyers draw on English experience in respect of many practical matters affecting leases, and in particular the precedents relating to the review of rent under the full repairing and insuring lease. English decisions, however, may not necessarily be followed in Scotland; and the Scottish courts set great store by the precise words used in the documents before them as the best evidence of what the parties to the documents were intending to achieve.

A foreign company is likely to require advice at an early stage about security for loans, overdrafts, etc. Securities fall into a number of categories: fixed charges over heritable property, securities over moveable property, and floating charges. The Diamond Committee is at present reviewing the law relating to securities over moveable property in the UK. It may well be that, as a result of its findings, legislation will be introduced that will proffer a wider range of securities than available in Scotland.

At present in Scotland, a fixed security over moveable property requires possession by the creditor, although there are admitted exceptions to the general rule. Some uncertainty has been created in commercial contracts by the introduction of a reservation-of-title clause, whereby security for payment of the price is attempted by reserving to the seller the title to the goods and the proceeds from their sale until the seller has received the price.

The Scottish courts seem disinclined to recognise that such a clause creates a fiduciary relationship, but the matter is certainly not clear-cut and one can expect a growing number of cases to test the point.

A fixed charge in Scotland takes the form of a standard security recorded/registered in the Public Property Register. A commercial lease for a period in excess of 20 years is available for security by this means, and property in which the company has a recorded title (freehold) can also be charged in this way.

A secondary form of credit security is the floating charge which gives creditors access to a wide range of company assets. A company can secure any existing or future debts, including a balance on cash account, by creating a floating charge over a whole or any part of the company's undertaking.

A floating charge takes effect over the property on the appointment of a Receiver, and it is open to the holder of a floating charge to apply to the court for such an appointment on the default of the debtor.

It is imperative that details of such floating charge comply with the Scottish Law and are received by the Registrar of Companies within 21 days of the creation, otherwise it will be void against any liquidator or creditor of the company.

The provisions of the Insolvency Act 1985 are relevant in Scotland only in so far as they relate to companies. Personal insolvency is dealt with by separate legislation, the Bankruptcy (Scotland) Act 1985. The latter simplified the rules relating to creditors' claims and payment of dividends, encouraging creditors to submit claims more promptly.

Where assets are insufficient to meet the costs of personal bankruptcy (sequestration) the state will now fund the sequestration and provide creditors with the comfort that the debtors' affairs are being investigated.

In Scotland, unlike England, solicitors are permitted to act as dealers in securities and handle client investment on behalf of companies in the purchase of shares in other companies.

It has been mooted that these activities give rise to a potential conflict of interest, as Scottish firms acting in an acquisition may well have clients who are shareholders in the acquiring or target company. There seems to be no solution to this problem, subject to the firm's taking steps to limit circulation of material within the office.

As to Scottish solicitors dealing in securities, the Law Society in Scotland issued directives and rules in 1985 which, to a large extent, anticipate the provisions of the Financial Services Bill; but the legislation may be more far-reaching.

Lorna Smith

Specialist software

When precedents go electronic

THE GOVERNMENT's lifting of restrictions on who can offer services such as conveyancing has ushered in a new era of competition.

Solicitors will now have to compete with firms that specialise in cheap, no-frills services.

The cost of producing conveyancing documentation, contracts, wills, and even "threatening" letters, can certainly be reduced by using computers and word processors, especially when it comes to the time saved by partners in proof-reading.

Much of the effort of solicitors is spent using the English language to convey a specific meaning that would, if necessary, be supported in a court of law.

Conveyancing precedents are usually found in the clauses used to transfer land or property from one owner to another. Once used and proved, they can be adapted, or simply copied, for similar situations in the future.

The wide spread of activities covered by solicitors encourages suppliers of, for example, generic-applications software for word-processing, accounting and time-recording, to target the legal profession.

Solicitors are seen only as one of a number of professional markets into which these suppliers seek to sell their systems. Specialist suppliers of legal systems take this a stage further by integrating generic applications into one co-ordinated package and adding specific enhancements of their own. For example, solicitors have special accounting requirements that relate to clients' money held in trust; and there are stringent rules laid down by the Law Society to ensure that this practice is not misused.

Comprehensive systems for large legal practices will cost tens, or even hundreds, of thousand pounds; but small firms in provincial towns, trying to get to grips with their first personal computer, could find some useful help and advice in a book called *Computers for Lawyers*.

It is written by Charles Christian, a qualified barrister turned computer journalist, and published by Longman Professional, and will appeal to solicitors who want to take a DIY approach to computers from basic principles.

What the book lacks in detail, it makes up for in digestibility.

Moving up the scale, there are a number of sources solicitors may consult when shopping around for legal systems. They include: the Law Society, the Society for Computers and the Law, the Institute of Legal Executives, the British Computer Society, the National Computing Centre, the Computing Services Association and the Association of Professional Computer Consultants.

The first stop is likely to be the Law Society. The Law Office Management and Technology (Lomat) Committee of the Society produces information packs on "Technology for Solicitors," which is received by nearly 1,000 subscribers a year. It costs £20 for solicitors, and £40 for non-solicitors.

Lomat's current projects include a "Network for Law" (on the Telecom Gold electronic mail services), recommended by British Telecom in July 1985 as a suitable short-term solution to the profession's communication needs, before the establishment of the Society's "Legal Electronic Network."

Lomat has set up a joint working party with a number of key agencies, including the Land Registry, Companies Registry, banks, building societies and local authorities, many of which are computerising or have computerised, in order to define the legal implications of such a network.

In April this year, the Law Society had a list of more than 30 recognised suppliers of time-recording and accounting systems. To achieve recognition each supplier has to confirm its acceptance of the society's *Code of Standards for Computer Suppliers to the Solicitors Profession*, and confirm that its systems comply with the Solicitors' Accounts Rules.

In addition, they must provide three satisfactory references and the names of seven other firms who use the system. One of the requirements of the code is "upward compatibility" —the ability for data to be transferred to a larger system.

The importance of this was evident from the experience of Michael Singleton, a partner at Wurzal Singleton and Charkham. The firm had outgrown a single-user Dynabyte personal computer with 10 megabytes of memory, and needed to upgrade to a multi-user environment.

The software, supplied by MSS, was also available on Alpha Micro equipment, so in April the firm's data transferred to a seven-workstation Alpha Micro system without any major mishap.

"By the end of May, we produced our year-end accounts as usual, as though there had been no change, although we are now operating in a multi-user environment," says Singleton.

Apart from communications with the key agencies, there are a number of other databases which solicitors may want to access. The most relevant for them is Lexis, a comprehensive legal library and word-search system owned by Mead Data Central Dayton, Ohio in the US, and marketed in the UK by Butterworth Telepublishing.

Earlier this year, the company acquired Eurolex, the main UK rival to Lexis, from the International Thomson Organisation. Eurolex was in financial trouble and faced closure. In the event, the Eurolex database was absorbed into Lexis.

Boris Sedacca

Legal education

Now learning has no end

THERE WAS a time when, in theory at least, a solicitor could qualify and forget education for good.

Since last year, though, newly-qualified solicitors are obliged to continue formal legal education for a further three years—a scheme which, it is hoped, will keep solicitors up to date and instil in them the habit of continuing education.

The Bar, too, is interested in post-qualification education. But the competition to get to the qualification stage is still fierce, with the lure of a growing number of increasingly varied jobs within the legal world.

Those taking a law degree at university or polytechnic (both are equally acceptable, provided the student gets a good degree) have to take six core subjects: land law, contract, tort, criminal law, constitutional and administrative law, and equity and trusts. On top of that, there is a range of optional subjects which is, in some cases, being extended to cover the new needs of today's lawyers.

For instance, the Polytechnic of Central London is introducing courses in computers and the law, international economic law and American law; and the faculty of law at Oxford has recently introduced labour law as an optional subject.

Universities currently offering three-year degree courses are, in many cases, keen to extend the range of pure law degrees to include other disciplines, and to make community law in particular a compulsory subject. But they are limited by time and money.

Non-law graduates, in certain sciences in particular, are welcome in specialist City firms; but taking a non-law degree is a tough option for would-be lawyers. Graduates have to take an intensive one-year course before they can begin professional training.

The choice between becoming a barrister or a solicitor is usually made towards the end of the second year. By that time the more dazzling students will have been invited to spend part of their summer holidays with a firm of solicitors and part at a chambers, so they will have a fair idea of what may lie ahead.

Prospective barristers spend the year after university studying for the Bar exam. There are six sections, only two optional, though a new optional subject is on the cards.

The Council of Legal Education wants to introduce community law as a full optional subject—at the moment it merits only half an optional subject. They also want to double, from 10 hours to 20, the amount of time given to looking at accounting, computerisation and "some of the more frequently encountered forms of fraud," a change which they are making directly as a result of the Roskill Report.

The Council is also hoping to offer 10 £4,000-a-year studentships to help some of those whose local authorities refuse to provide grants. "Some students are finding it very tough. The studentships will probably be awarded in their second year at university, to cover the year at school and their pupillage year," says the dean of the Council, Mary Phillips.

Next step is pupillage, where there is nearly 100 per cent acceptance rate. The bottleneck comes at the final stage, when the barrister starts looking for chambers. In the past there has been a 50 per cent success rate for qualified barristers finding chambers; now the rate has dropped to 40 or even 35 per cent.

Aspiring solicitors have to pass a professional exam centred on practical subjects like conveyancing. But, even after articles, they do not necessarily get a job as a fully-fledged solicitor in the firm to which they were indentured.

Those who qualify after August 1 1985 have to continue their education as a solicitor by attending various courses.

Some firms of solicitors send their newly qualified recruits out to universities and polytechnics to complete the course work. Others, like the City firm Clifford-Turner, are devising in-house education programmes tailored to meet the needs of their increasingly specialised world. The firm is keen enough on continuing education for all its lawyers to have appointed an academic lawyer as their full-time head of education, to see young lawyers through the three-year programme, and to keep the rest up to date with the law.

The Bar is also concerned with ongoing education. "The Bar is getting more interested in further education. It used to be thought that every barrister kept himself up to date anyway, but the Roskill Report said more should be done. We reacted fast, and the ICA is doing a course for us this autumn, the first of its kind, on accountancy with the emphasis on fraud," said the Chairman of the Bar, Robert Alexander QC.

However, he does not share the Law Society's enthusiasm for certain other educational changes. In a recent discussion document, the Law Society suggested that all of the legal profession should qualify as solicitors and only then decide whether or not they want to become barristers. Robert Alexander feels that this would be pointless, and would also put off many of those keen to become barristers.

Jane Owen

THE ARTS

Television/Christopher Dunkley

A goal-less defeat for our lads

Have you cut out your TV Times World Cup pictures from the back of the magazine and gummed them in the front? Purchased the suntan lotion endorsed by the England team? Did you catch the game announced by Pam Armstrong on *News At 10* as "A one-nil draw"? Have you arranged to keep the night of the final free in case one of the British teams learns how to play football? Have you ever seen anything in all your life to compare with the overblown, hysterical fiasco which is Britain's contribution to the 1986 World Cup as presented by television? Is it not time that television faced the truth, admitted that the moral plain upon which football exists is that of the Toxteth riots, and forswore the whole disgraceful business? Of course it is.

But let us not be hasty; let us be calm and fair and start from the beginning. I have never been a football fan. The game always seemed remarkably limited: by eschewing the use of the human hand it appeared to ensure a contrived level of difficulty which would be funny were it not so artificial. If you want to make the game difficult why demand that the ball be shifted with the feet—why not bottoms or noses? At least that would be amusing.

I have never attended live games, but when television coverage of the World Cup came along I resolved to make an effort. After all, I have never been inside a billiard hall and was completely uninterested in snooker until television took it up, yet now I am a besotted fan, at least for the duration of the world championships. Could television not work the same trick with soccer? It most certainly could not . . . but let us be calm, let us be fair, let us start at the beginning.

During the promotion for the 86 World Cup we were promised "a feast of sport," over and over again. The promotion was frantic and the build-up seemingly endless. In the preceding weeks the BBC showed archive recordings of practically the entire 1966 World Cup when of course, England won. Perhaps there was a suspicion of what was to come and thought they should get in the backward glance to glory while there was still a chance.

England boss Bobby Robson is sick as a pundit (right) after Portugal's Carlos Santos puts the ball into the back of our net (left)

When the 1986 contest began I applied myself assiduously to both BBC and ITV coverage. I watched the first five matches featuring British teams during which "our lads" devoted 81½ man-hours to the game and scored precisely two goals, both for Northern Ireland. The total man-hours should have been 82½, but in the middle of England's second game, just after the captain, Robson, had been replaced because of injury, our acting captain was disqualified for spitting out his dummy. Or it could have been for hurling the ball at the referee. Anyway, for an infantile tantrum.

To the layman the reason for such frustration seems obvious. British soccer strategy, apparently, is to boot the ball up in the air in a huge arc, from one side of the field to the other, in the hope that it lands near someone on your own side. Often it doesn't. When it does, the form is to lob it back, angled slightly towards your opponents' goal. The idea, presumably, is that the ball will eventually tack near enough to the other end for an attempt to score. Unfortunately this elaborate play only succeeds (predictably enough, the newcomer might think) once in a blue moon. Generally the opposition intercept the ball and, as became crystal clear in these five matches, other countries expect their footballers to be able to trap and control the ball with their feet, dribble accurately, and run fast while passing from one to another.

The most astonishing aspect of television coverage of the 86 World Cup is that this dramatic contrast has never been noticed by any of the professionals involved: not by the British officials whose views are beamed back to us from Mexico ("We're still in there with a chance, John"); not by the commentators "out there in the cauldron they're calling Monterrey"; and not by any of the legions of "experts" who pontificate in the London studios.

Their talk falls into just two categories, the first being laughably far-fetched excuses. Our lads aren't used to the heat (unlike the Danes, presumably). Our lads aren't used to the food (unlike the Russians, say). The grass (I swear I am not making this up) is too long for our lads.

The second type of talk involves grandiose strategic daydreams. "No risks at the back, but we must start running at people, push men up and get bodies in the box." Or, "Well, Brian, if the lads can just penetrate a little deeper down the left that'll open up the park and draw off some of their defenders . . ." In the very first match that I watched on BBC1 Jimmy Hill droned on about "penetration" while the viewing millions watched Hoddle trying to boot the ball to Waddle but giving it instead to Carlos Emmanuel.

To those of us sitting at home the suggestion that we are watching a "feast of sport" is sheer hypocrisy. So, far as we can see, the British soccer players' idea of sport is approximately as keen as that of a pack of defensive hyenas. On Friday one of the ITV commentators said "I hope like us you're admiring England's attitude in this second half." Seconds earlier Hateley had kicked a Moroccan in the face and been booked for it.

I know nothing of their past record but, judging from the televised evidence of this World Cup, the British today appear to be among the most unsportsmanlike—let's be honest, among the *dirtiest* players in the world. They may not be quite as expert as some at diving to the ground when tackled and imitating an operatic soprano dying of poison, but they are as willing as anyone to kick a man's legs if they cannot kick the ball. The idea that if you fail to impose your will by fair means you should do so by foul (the morality of the Toxteth riot) appears to be accepted as much by British players as by anyone else in the game. This is a similar but even more insidious and dangerous moral model than that offered by *The A-Team*, and television would do well to abandon soccer forthwith.

Among the many frustrations for the chairbound viewer the worst is the unanimity of the "emperor's new clothes" attitudes of the television pundits and commentators. They simply ignore the obvious. When Britons commit fouls they talk about "deep penetration"; when Morocco's amateurs dribble rings round the English professionals they talk about the weather. When the England manager declares at the end of a disastrous and disgraceful week, "I still think we're the best team in the group," instead of taking his temperature they continue with the clichés and the ludicrous rhetoric.

Technically the coverage has been mediocre. The pictures are dominated by safe medium shots covering about one-third of the pitch, with very few of the close-ups which can provide such excitement or the wider shots which can reveal strategy; and the flying tea-tray optical effect used by the Mexicans to indicate replays became deeply irksome after its 36th appearance. There is little to be added to the ridicule already heaped upon the failure of the commentary links from Mexico, except to point to the reaction of ITV anchorman Brian Moore. The viewer's loss scarcely concerns him: his sympathy is devoted to his colleagues, the commentators in Mexico, who couldn't get a word in.

That reveals everything we need to know about this whole sorry affair: the World Cup is now seen as something intended to serve the interests of television. It is television which has invested millions of pounds, and that being so we must not expect the television people to admit the truth about it even when we can see the shameful reality for ourselves.

American Ballet Theatre/New York

Clement Crisp

During the warm spring evenings, the Lincoln Centre Plaza is crowded with New York's ballet public streaming to the rival seasons by New York City Ballet at the State Theatre, and by American Ballet Theatre at the Met: more than six thousand balletgoers in eager pursuit of fine dancing and, usually, fine ballets. London's dance public may care to note that no less than sixty different works are on offer over three months, and then consider their own dismally rationed state in performance and repertory.

American Ballet Theatre showed three novelties recently as part of their bid for the public, the most significant of which was Kenneth MacMillan's *Requiem*. This is not the realisation of Fauré's score made for the Stuttgart Ballet and later taken into the Royal repertory but a version created this year of a setting of the mass by Andrew Lloyd Webber. There must be inevitable comparisons since whatever the musical differences the central matters of dogma force a relationship between the two pieces (and MacMillan has also chosen the same designer, Yolanda Sonnabend).

Further, for the Fauré *Requiem*, MacMillan had the sustenance of purest musical form and emotional elegance which guided his feelings when writing in memory of his friend, John Cranko, for Cranko's own company and for the artists with whom he had worked before. Mr Lloyd Webber's by no means unfeeling setting is far more theatrical in its effects, more eclectic in style with its reminiscences of Holst and Mahler, and more diffuse in manner. There result problems which MacMillan only partially solves by reference to an incident which affected the composer when he was working on the score: the dilemma of a Cambodian youth who had to choose between killing his sister and saving his own life. "This conflict," says the programme note, "is the underlying theme of this choreographic realisation."

Thus the stage action centres upon Gil Boggs, a youthfully vulnerable and brilliantly able dancer, and on Alessandra Ferri as his sister. Sonnabend's setting of torn gauze shapes hints at a no-man's land of wartime devastation as well as at a limbo where souls must meet, glowing when we first see it with terrible fires. Three subsidiary couples—Leslie Brown and Clark Tippet; Susan Jaffe and Robert Hill; *Cynthia Harvey and Ross Stretton*—are soloists for various sections of the Mass, reflecting on and inter-acting with the central tragedy, our eyes for ever drawn to the white-clad victims whose memorial the ballet ultimately is.

The language is sculpturally entwined, generally anxious. We look in vain for any of the consolatory serenities of the Fauré setting. Indeed, torment (the world "all avenging or all forgiving" of MacMillan's programme note) is the hero's companion, with only the briefest lightening of the emotional tension. There are many powerful choreographic images: Miss Ferri supported by three men in the *Recordare*; the jazzy solo for Mr Boggs, very demanding in its sudden falls and syncopations, as in its contrasts between youthfulness and the experience of war; the repeated and piteous sight of Mr Boggs holding his sister's corpse. The piece is, I suspect, too long—it runs for nearly 50 minutes—and musically too bombastic, but Sir Kenneth has sharpened its dramatic focus, and has been rewarded by excellent performances from his cast, with Miss Ferri and Mr Boggs both outstanding.

Another new work, modish and extinguishingly tiresome, is by Karole Armitage. Cast in her aggressive punk-academic style, *The Mollino Room* is about five back-drops by the painter David Salle, against which a hapless cast make slight intrusions. Three of the drops are heavily literal in portraying rubber overshoes, a tea-tray and a fishing reel, and they rise and fall arbitrarily as the dancers labour in lumpen outfits that make them look foolish. The accompaniment mismatches Hindemith chamber works with a dialogue between Elaine May and Mike Nichols who laugh like hyenas at their own fatuities in a sketch "My son the nurse." Given these disparate elements, and the implied tribute to the Italian architect Carlo Mollino, advocate of bad taste as art, it is unsurprising that the piece should prove extravagantly boring, save for the participation of Mikhail Baryshnikov, who danced superbly as an *outsider, untouched either by* the academic predictabilities he is given, or by the classical fatuities allotted to the five couples of the cast.

About John Taras' new *Francesca de Rimini* it must be said that the Chaikovsky symphonic poem defeats choreographic realisation—though both Mikhail Fokine and David Lichine made versions in the past—and that Cynthia Gregory and Patrick Bissell as the doomed lovers defeat any kind of belief (except that of the White Queen, who could believe six impossible things before breakfast). Rouben Ter-Arutunian has set the affair in the Christmas grotto in a department store, with Dante as Santa and Virgil as the Ghost of Jacob Marley, while cohorts of the madly active damned race round Miss Gregory with her pinchers and Mr Bissell with a gold wig and a pink chiffon mini-dress, who are trying to read a book *The Inferno on Ten Dollars a Day*, perhaps. It is funny without being vulgar, though I suspect that the intention was other.

The company's version of *Les Sylphides* is marginally more terrible than this, save in the matter of Baryshnikov's appearance as the poet, sublime in sensitivity as he summons the sylphs from the moonlight. Elsewhere, excruciating orchestration, ludicrous tempi, bleached setting and sanctimonious performance made this a travesty of a masterpiece, and ironically so in that Fokine endowed ABT with this, his last staging of the ballet.

Matters were much improved, though, in a very jolly revival of *Bourrée Fantasque*. Slightly over-eager in style, the company yet told us what a delicious soufflé au Grand Marnier this is, and they brought it piping hot to the table, as fluffy as its chef, *George Balanchine, could have* wished.

Prague Spring Festival

William Weaver

The Prague Spring is traditionally the festival in which East meets West. It was in Prague, just after the war, that Western critics first heard Richter, Gilels, Kogan, and other Soviet artists, before they ventured on to London, New York, and Western recording studios. This year it seemed that the festival's balance was in favour of Western artists, and in the closing days there were recitals by Katia Ricciarelli, Veriano Luchetti and his wife Mietta Sighele, and two concerts of the Orchestre de Paris under Barenboim.

I arrived in time for the last day of the festival, and though I had to miss the closing event, the annual gala performance of the Beethoven Ninth, I heard the afternoon concert, arranged to celebrate International Children's Day. Star of the event was the Kuhn Children's Chorus (part of the Czech Philharmonic organisation). In the handsome Dvorak Hall of the House of Artists, the bright, versatile, unerring choir sang three works, including a world premiere.

The concert opened with a song cycle, for children's *chorus and wind quintet*, by *Jan* Seidel, dean of living Czech composers. Entitled *Lepsi svet* (For a better world), it uses texts by several Czech poets, alternating moods and making considerable technical demands all of which the young singers met brilliantly, as they did again with Milan Slavicky's *Jarni nahrdelnik* (Spring necklace), for which the wind quintet was replaced by a solo guitar (the well-known, deft Milan Zelenka).

Finally, the world premiere: an opera by Otmar Macha lasting about 20 minutes: *Zviratka a loupeznici* (Animals and robbers). Here, some members of the chorus also appeared as lively actors, playing various animals and humans, holding up cut-out elements of scenery, as the full chorus narrated — all in a modern, but accessible, idiom. The audience was largely of the same age as the performers and they followed the little opera with breath-held attention.

At the Nova Srena, a brand-new chamber theatre, another children's opera, Jiri Pauer's Zvanivy Slimejs (The Prattling Snail), is selling out every performance. Though the work is 25 years old and has been produced season after season, it *maintains its appeal*. The designer Josef Swoboda was one of the creators of the new theatre, and his staging of Pauer's opera exploits all its possibilities, using his familiar and successful Laterna Magika *mixture of film and live action*, mime and taped voices.

Prague is so full of musical events it is impossible to keep up with them, and I nearly missed a little-publicised performance of Mozart *La clemenza di Tito* given by Conservatory students in the Vinohrady Theatre. Luckily, a poster caught my eye and I managed to hear an extremely gifted mezzosoprano named Lenka Šmidova, the Sextus. Her warm voice has a ripeness that suggests the young Janet Baker and her dignified bearing has *something of the British artist's* authority. Naturally, there is still some vocal unevenness to be overcome, but the raw material—not, actually, all that raw — is abundantly there.

The orchestra was also made up of students, and Jan Smolik, who played the clarinet and the basset horn, is already a gifted, assured musician. For that matter, all the young musicians sounded good, and they were firmly, thoughtfully conducted by Premysl Charvat of the National Theatre.

Of course, operatic life in *Prague really centres around the* National Theatre. But that deserves a separate report.

David Mamet double bill/Theatre Upstairs

Michael Coveney

The theme of this compelling pair of short plays by David Mamet, is cathartic story-telling. In *Prairie du Chien*, a 1910 night train rumbles through Wisconsin in the small hours while a haunted Dostoyevskan figure (Nigel Terry) regales a silent listener with a tale of domestic upheaval and conflagration on a farm he has visited; in *The Shawl*, a clairvoyant (David de Keyser) uses guesswork and research to fake a seance on behalf of a distraught client (Connie Booth) only to touch unwittingly upon a fragment of narrative truth.

Mamet is still best known for his energetic rhythms and deployment of Chicagoan argot, but in *Edmond* and these pieces we see a more stylistic concern with story and a dream-like obsession with picaresque fable. The plays drift towards us, starting literally in mid-speech, and fades back into the intimidating babel.

They have been spared no care or attention in the little Sloane Square eyrie, the first directed by Max Stafford-Clark, the second by Richard Eyre, both *designed* by William Dudley on a raised black platform that, pointing diamond-shaped into the audience, suggests the train's mobility before settling square-on for the clairvoyant's office. Peter Mumford's lighting is of a red, husky warmth; the seance has the candle-lit feel of Georges de la Tour and, when the theatre's side window is slammed up, the phoney and the anxious are sculpted in a Caravaggio shaft of controlled sunlight.

Mr Terry (Derek Jarman's *Caravaggio of late*) has the driven button-holing quality of the Ancient Mariner unravelling his tale of jealousy, murder, fire, incest and transvestism. On the other side of the parlour cabin, a game of cards accelerates to a vicious *climax*. *Jerome Flynn's pugna*cious loser with the battered but serene features of Victor McLaglen squaring up to Michael Feast's prim hustler. A black attendant mumbles out of the window, the listener's young boy *sleeps*. "*What happened to* the animals?" is the brilliantly funny delayed question.

The tension in both plays is admirably maintained. In *Prairie*, the social circumstances are random, with a pattern imposed by a sudden outburst of violence. In *The Shawl*, John, the clairvoyant, is poised between deceiving the client and retaining the companionship of Charles (Michael Feast), a neurotic sidekick to whom John explains the tricks of his trade in order to equip him to live in a world without mystery.

The plan backfires: the client, played with a chiselled, fine-boned non-commital expressiveness by Miss Booth, mis-reads the evidence for what she wants to hear; and a *moment of imaginative* penetration leaves the outcome rocking in our own speculation.

Alastair Muir

David de Keyser and Connie Booth in "The Shawl"

Arts Guide

June 6-12

Theatre

LONDON

Are You Lonesome Tonight? (Phoenix): *More musical hagiography* with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Blithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

NETHERLANDS

Amsterdam, Bellevue. Théâtre Sapajou of Paris with Vermeer et Spinoza by Gilles Aillaud (Tue to Thur). (24 72 48).

Amsterdam, Museumplein Marquee. An evening of modern circus from Les femmes de cirque (Fri to Sun). (Box office).

WASHINGTON

The Caine Mutiny Court Martial (Eisenhower): Charlton Heston and Ben Cross star in the military courtroom drama written by Herman Wouk. Ends July 6. Kennedy Center (254 3670).

NEW YORK

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

CHICAGO

Orchards (Goodman): Seven American playwrights, including Michael Weller and John Guare, interpret Chekhov short stories for an inspired evening of performances by the Acting Company which made the commissions. Ends June 29. (443 3800)

Saleroom/Susan Moore

Dominating dealers

Some of the finest pieces of Chinese Tang (618-906) pottery, metalwork and sculpture to come onto the market for many years sold at Sotheby's yesterday for an imperial £2,061,620; only one lot failed to reach its reserve. Eskenazi, the major dealer in the field, paid handsome prices and came away with the five top lots.

He paid £319,000 for a strikingly glazed and incised Bactrian camel, estimated in excess of £100,000. A similarly valued graceful and well-rounded dancing court lady, glazed in the most costly blue, realised £203,500, and a large and superbly glazed Fereghan horse, £192,500. A vigorously modelled lady polo player played tribute to the Tang potter's skill in depicting movement and was secured for £187,000. The rarest item, a secular stone carving of a seated female musician holding a pipe, made £159,500. Only two other figures of seated lady musicians are known.

Glasgow's Burrell Collection made a heartening national museum presence by bidding successfully for a sancai tripod dish (£52,800) and a well-potted, blue-glazed jar (£33,000). A silver-gilt bottle engraved with meandering vines, birds and animals went to the London-based French dealer C. D. Deydier for £126,500.

The miniature market looked surprisingly strong as Sotheby's on Monday when dealers competed for 118 European miniatures from the Holzscheiter Collection. A particularly good self-portrait by Jean Baptiste Singry dated 1817 made the highest price, selling against an estimate of £4-5,000 to Munich dealer Mrs G. Rüdigier for £25,300.

A. F. König's portrait of Friederike Luise, Queen of Prussia, also far exceeded expectations (estimate £2-3,000) and sold for £20,900 to another German dealer E. Bücher. The finest British miniature on offer, an unknown young gentleman painted by Samuel Cooper about 1660, went to the same dealer for £16,500. This broad-based collection totalled £321,310 with 7 per cent unsold.

Palazzo Grassi plans

The trustees of the Palazzo Grassi in Venice (newly refurbished by Fiat) have announced the programme of events during the 1986/87 season.

These will include exhibitions dedicated to Arcimboldo and the Prague School, 20th century Italian Art (arranged in conjunction with the Royal Academy, London) and the Franco-Swiss painter and sculptor Tinguely.

There will also be an historical and scientific reconstruction of the Phoenician period.

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Reform of the schools

FOR THE first time the British Government's Education Bill yesterday began to look like a serious and coherent attempt at the reform of the state school system that will start to be implemented in the near future.

The bill has been described before as the biggest educational reform since the Butler Act of 1944, but in the confusion of the teachers' dispute the quarrels between the local authorities and the Department of Education and the arguments about funding, that claim seemed somewhat ambitious. It was an aspiration rather than a firm promise.

It is also true that the bill owes a very great deal to Sir Keith Joseph, the previous Secretary of State, and his white paper Better Schools of March last year. Mr Kenneth Baker, his successor, paid the proper tributes when he introduced the Second Reading in the House of Commons yesterday.

Mr Baker, however, has added three new elements: political flair, an obvious sense of urgency, and fresh money.

Central plank

The political flair was most evident in the way he dealt with corporal punishment. There is to be a free vote on the matter, at least on the Conservative side of the House. Mr Baker, a noted liberal, made it clear that he would vote for retention but only on the understanding that the use of corporal punishment would be decided at the local level and with parents, if necessary, having the legal right to come down against it where their own children are concerned. He should thus have defused an extremely emotive issue.

The urgency came out in his approach to the new 16 plus examination, the General Certificate of Secondary Education, which will combine the existing Certificate of Secondary Education and O-levels and which will be introduced in September for first examinations in the summer of 1988. Mr Baker still stumbled over the initials GCSE, which we shall all have to get used to, but he left no doubt that it will be a central plank in the educational system.

It is important that teachers, parents and pupils co-operate from the start. Hitherto, there had been some suggestions that the examinations might be postponed until 1989 while the teachers were trained and the schools re-equipped with the new syllabuses. Mr Baker's fresh money for books and other teaching appliances should ensure that adequate preparations can be made in time. A target is now firmly in place.

In his opening remarks the Secretary of State referred briefly to his basic outlook on education. He had been asked whether he favoured the centralised system as in France. The answer was a categorical "no." "I think all of society," he went on, "not just our educational system, can be happier and more stable if more is done at the rim of the wheel and less at the hub." That really is the heart of the matter. The British education system was not designed for centralisation and the Department of Education, in fact, has very little power. It is a question of getting all the partners—the department, the local authorities, the teachers, the parents and the governors—to work together. The aim now is to make the partnership flourish after what even education ministers admit have been two miserable years.

Mr Baker promised a series of new amendments to the bill to ensure that in future representatives of the local business community will be represented on schools' governing bodies. The initiative is welcome. Too often the complaint is heard from business people that the schools are not doing their job. The business community will soon have a chance to have a say. It is a challenge and a responsibility that must be met.

Other matters remain outstanding, such as an agreement on the appraisal of teachers to improve quality. Mr Baker said yesterday that he is hoping for a voluntary agreement on a national framework for appraisal but will take reserve powers in case the present talks break down. The message for the teachers should be clear. It is in their interests, too, to seek to raise standards. The Government has now gone some part of the way to creating a climate for better schools for the future. It should be given some credit, however long the process has taken.

Unions search for a new role

THERE IS a surprisingly optimistic feel to many of the union conferences now under way at seaside resorts around Britain. Union activists sense that they have weathered the storm of the last few years: they may be battered but they are still there. For the first time in years, union officials are able to talk about the next Labour Government and sound as though they mean it.

Yet, as the wiser heads in the union movement realise, the idea that unions might once more enjoy the conditions they cherished in the 1960s and 1970s is an illusion.

The traditional backbone of the British union movement—the male, blue-collar, full-time worker, carrying out a narrowly defined job in a large manufacturing establishment—is in decline, as a collection of articles on unions and the changing labour market published this week by the Institute of Manpower Studies at Sussex University points out.

Full-time jobs are being replaced by part-time and temporary jobs. Manufacturing employment continues to dwindle relative to jobs in the service sector. Blue collars are being displaced by White collars. Women, particularly part-time, are more likely than men to take the new jobs that are going.

Even in those large industrial plants which have been established in the 1980s, unions have often had to cope with a novel set of circumstances. The workers in them have tended to be multi-skilled, with few, if any distinctions between white- and blue-collar grades, and with pay often determined more by individual factors, such as the number of skills acquired, than by collective agreements: in other words, the workers have had less need of unions.

One response to these changes is to ignore them. Arguably, this is what most unions have done, though they would not say so in public. They have concentrated their attention on their dwindling core membership—full-time employees, in large, secure, well organised employment—and with some success, as the earnings figures consistently demonstrate.

Yet the prospect of defending an ever smaller laager of well-organised workers is not an inviting one for the union movement. Its forward thinkers are aware of that.

The electricians' union EETPU was the first to come up with a coherent response to the new trends, with its strike-free packages tailored mainly to electronics companies nervous of the British union scene. Now the General, Municipal and Boilermakers, under Mr John Edmonds, its new general secretary, has taken up the challenge of devising a union strategy for a changing labour market.

In a series of speeches and articles, Mr Edmonds has been thinking aloud about how unions should cater for workers in work places where unions are either weak or non-existent, or where the traditional goal of a large pay increase is beyond reach.

One possibility is to transform union officials into monitoring agents for the sort of problems often confronted by insecure workers in badly organised service industries, such as claims against unfair dismissal. Another is to develop new bargaining priorities more relevant to such workers, such as trying to claim conditions for part-time workers comparable with those of full-timers.

Continuing decline

Yet another option, pioneered by the EETPU and now hastily copied by other unions, is to advertise the unions as a source of help for individual services—advice with mortgages, cheap holidays and so on.

All these initiatives show signs of the adaptability which unions will need if they are to survive as a power in the land. Yet the difficulties they face should not be under-estimated.

The EETPU's strike-free deals, inspite of the sympathy they arouse in many managers, have had only limited success. The number of companies which have negotiated them, even on greenfield sites, is limited.

The ideas being floated by Mr Edmonds, though attractive on paper, would require considerable resources. It is much more expensive for a union to try to organise a part-time teenager in a fast-food shop than an assembly line worker in a car plant.

It is far from certain whether, even with the switch of priorities which Mr Edmonds is suggesting, unions can make themselves sufficiently relevant to potential members in the newer industries. But simply to batten down the hatches and hope for calmer weather, as many in the union movement seem content to do, is a recipe for continuing decline.

COMPETITION POLICY

How the UK got left behind

Sir Gordon Borrie: hampered by existing legislation

"THE DIFFERENCE between the EEC and the British competition authorities," said a lawyer last week, "is the difference between a policeman and a traffic warden."

The Office of Fair Trading, he added, lacks not only sanctions but spirit. And he tells his clients, if possible, to seek redress in Brussels.

This may seem a harsh judgement. The OFT is generally believed to exercise its limited powers with skill and sensitivity. But coming as it does from a practitioner, it should be taken seriously by Mr Paul Channon, the Trade and Industry Secretary, who last week announced the first major review of competition policy in almost a decade.

The tone of Mr Channon's statement and its stress on the effectiveness of present policies suggest that he is not envisaging radical reform. The review will be a low-key affair led by Mr Hans Liesner, a senior civil servant.

Two previous Liesner reports in the late 1970s resulted only in minor reforms. This time mounting criticism of policy on both mergers and restrictive practices suggests fundamental changes may be necessary.

The combination of official inertia and dissatisfaction among barristers and economists make sense only against the chequered history of UK competition policy. The starting point was a wartime paper by Hugh Gaitskell and Professor G. C. Allen, entitled The Control of Monopoly.

During the 1930s, as part of the shift away from reliance on market forces and towards protectionism, UK industry had become heavily cartelised, often with the explicit encouragement of government departments. Gaitskell and Allen were worried that post-war governments would not be able to deliver their promises of prosperity and full employment unless the web of restrictions was tackled and some commitment to the market restored.

The first stab at legislation—the Monopolies and Restrictive Practices Act of 1948—was experimental and pragmatic, taking an essentially neutral view of anti-competitive practices. However, it helped the authorities gain information about the nature of cartelisation and laid the groundwork for the path-breaking Restrictive Trade Practices Act of 1956.

UK competition policy then developed in three phases. The first stage was the sweeping aside of most of the cartels in manufacturing industry, which in the mid-1950s were estimated to cover some 50-60 per cent of output. This was largely achieved by the early 1960s. By establishing a public register of restrictive agreements and embodying in law for the first time a presumption that they were against the public interest, the 1956 Act played a pivotal role.

In the second phase, from the mid-1960s to the late-1970s, attention switched to monopolies and mergers. The pressing problem was seen as the high "concentration" in UK industry—the fact that in many sectors the bulk of output was produced by only a few companies. Merger had been a common reaction to the earlier unravelling of collusive agreements.

The third phase of competition policy, from the mid-1970s, has involved the extension of restrictive practices legislation to the services sector and the start of an attack on time honoured but inefficient practices in the professions. The most celebrated decision was the prosecution of the London Stock Exchange. An out-of-court settlement in 1983 paved the way for the deregulation planned in this October's "big bang."

Competition legislation is now codified in four statutes. The Fair Trading Act 1973 governs the investigation of monopolies and mergers; the Restrictive Trade Practices Act 1976 covers "registrable" agreements; the Resale Prices Act 1976 prohibits attempts by suppliers to impose minimum resale prices on their distributors; and the Competition Act 1980 gives the Director General of Fair Trading powers to investigate a range of anti-competitive practices not covered in other legislation.

In addition, British companies are subject to the Treaty of Rome. Article 85 prohibits agreements and concerted practices which prevent, restrain or distort competition. Article 86 prohibits abuses of a dominant position.

The original intention was that these laws should apply only where trade with another

By Michael Prowse

member state was materially affected. Recent decisions however suggest they may apply even if trade is only potentially affected. The European Commission, for example, is showing signs of interest in possible abuses in the UK ready-mix concrete industry—an archetypal local market.

The most fundamental criticism of the present, confused regime is that the "public interest" test which underlies the entire edifice of domestic legislation is misconceived.

Critics such as Mr Thomas Sharpe, a barrister and fellow of Wolfson College, Oxford, argue that anti-competitive behaviour should be prohibited instead of merely presumed to be against the public interest.

The historical reason for the public interest test lay in the still equivocal attitude to competition which pervaded Whitehall and Westminster in the immediate post-war decades. The conventional view was that competition yielded certain benefits but that these had to be weighed against other factors—for example, the impact on employment and the balance of payments and the possibility that co-operation might improve industrial efficiency.

Since actions which reduced competition were not regarded as automatically harmful, they could not be outlawed. A public interest test applied on a case-by-case basis was inevitable.

In other countries, notably the US and West Germany, the approach was more austere. In America as early as 1890, the Sherman Act directedly prohibited conspiracies in restraint of trade. Violations resulted in huge fines and even imprisonment.

In West Germany, legislation in the 1950s prohibited agreements aimed at restraining competition and the Federal Cartel Office has Draconian powers of enforcement. The Treaty of Rome also directly prohibits anti-competitive behaviour and in recent years the European Commission has been both extending its jurisdiction and imposing increasingly severe fines.

By contrast, the UK legislation is toothless. There are few sanctions. If a company sees a benefit from restricting competition, it may as well do so. At worst it will be found out and reported to the OFT. After an investigation it may be told to desist. Since there is no fine, there is nothing to offset the benefits enjoyed while the restriction was in force.

The OFT's weak powers of investigation are equally worrying. Many of the successful prosecutions mounted by the European competition authorities have depended on their ability to make unannounced dawn raids on corporate premises. Documents are seized which if demanded by a UK court would end up in the shredder.

Reliance on the public interest test also rules out civil remedies. In the UK, except in special circumstances, private actions for damages are not possible: abused companies cannot seek compensation in the courts but must rely on investigations conducted by civil servants. The OFT has a reactive role and, given manpower constraints, can only mount a limited number of investigations.

Private actions are possible in both the US (where treble damages are awarded) and West Germany. It now looks as though private actions to enforce EEC legislation will be successful in UK courts. Mr Peter Sutherland, the Commissioner responsible for competition is pressing for greater enforcement of EEC law in national courts.

Amending UK law to permit civil remedies would be tantamount to the privatisation of the enforcement of competition law.

Restrictive practices legislation has come under particularly fierce attack, not least from Sir Gordon Borrie, the director general of the OFT. In his Travers lecture delivered in February, Sir Gordon admitted that the legalistic focus on the precise form of a restrictive agreement, rather than on its economic effect, was unhelpful and queried whether the cumbersome apparatus of a public register of agreements was any longer appropriate.

The result is that many harmless agreements are caught by the legislation while some blatant restraints escape attention. The classic case involved Cadbury Schweppes and J. Lyons. An agreement which effectively prevented Cadbury manufacturing (or purchasing from other sources) more than 57 per cent of its sales of citrus concentrates was deemed not to be a restriction on trade. This was because it was worded as a *positive* requirement—that Cadbury purchase at least 43 per cent of its citrus sales from Lyons.

The limitations of the present general approach to competition are highlighted by a legal test case involving Engineering and Chemical Supplies, a small Gloucestershire-based company and AKZO, the Dutch multinational. In December, after a battle lasting seven years, the European Commission found that a subsidiary of AKZO had infringed Article 86 of the Treaty.

According to the Commission, AKZO Chemie had directly threatened ECS in the hope of causing its withdrawal from the EEC organic peroxides market and it subsequently selectively cut prices to ECS's main customers in the flour additives market, undermining the viability of its business. A fine of ECU 10m (£6.4m) has been imposed on AKZO and ECS is now seeking a similar sum in damages in the London High Court.

AKZO Chemie disputes the facts o fthe case and is appealing against the Commission's decision.

Mr Stanley Sullivan, the chairman and principal shareholder of ECS, is still indignant at AKZO's apparent attempt to intimidate him. Yet what could he have done under British competition law?

Mr Anthony Rose, his solicitor, of the law firm Charles Russell, says he *did* not even consider approaching the OFT. He points out that in the face of AKZO's denials of misconduct, prosecution would have been impossible but for an unannounced raid on its premises by the Brussels authorities, which threw up incriminating internal documents. Under UK law, AKZO would face no fine, even if brought to book and Mr Sullivan would have no prospect of recouping costs through a private claim for damages.

It is often small and newly-established companies which suffer at the hands of older and more powerful rivals. Part of the rationale for strengthening British competition law would be to give small firms better protection against corporate predation and bullying and so encourage their expansion.

Government commitment to competition is less equivocal now than in the 1950s. The time may have come therefore for the replacement of the public interest test by direct prohibitions of anti-competitive behaviour. This would pave the way for stronger investigative powers for UK competition authorities and for private actions for damages. It would bring the UK into line with countries like the US and West Germany where competition is taken seriously.

Since the jurisdiction of EEC legislation seems to be broadening and its reputation among British lawyers rising, the simplest course might be to replace chunks of UK law with statutes modelled on Articles 85 and 86. This would have the advantage of simplicity and consistency. The Liesner committee should at least consider such radical options.

Men and Matters

BL faces new Day

One of several senior management changes we can expect at BL following the arrival of Graham Day as chief executive was announced yesterday.

Ironically, the man involved, David Andrews, has previously been dubbed the group's "great survivor."

Andrews, aged 51, not only escaped the substantial management shake-up which followed BL's financial collapse in the mid-1970s, and its move into state ownership, but also the purges after Sir Michael Edwardes took over as chairman late in 1977 bringing with him his famous psychological tests for managers.

Andrews was born in Canada, and educated at Abingdon school, and Pembroke College, Oxford. Like so many others in the British motor industry he started with Ford. That was in 1960. He eventually became assistant financial controller of Ford of Europe. In 1969 he moved to BL as financial controller.

For a time he was Edwardes' vice-chairman. But when BL was split into two divisions he became the executive director responsible for the commercial vehicle division, Land Rover — Leyland.

Andrews burned his boats four months ago when he took leave of absence from BL to lead a team which tried, without success, to mount a management buy-out of the Land Rover company. He never returned from that leave.

Yesterday he would not talk about his severance terms. But he stressed there had not been cross words between himself and Graham Day.

"I don't care what David Owen thinks about our defence—it's the attack I'm worried about"

Clearance sale

The financially-strapped Philippines government has decided to put some of deposed president Ferdinand Marcos' favourite luxuries up for sale. The catalogue will include expensive cars, floundering hotels, and a palace made mostly of coconuts built for the 1981 visit of Pope John Paul II—which the pontiff rejected as too opulent.

The authorities are also pondering whether to auction off closets full of dresses left behind by the former first lady, Imelda Marcos. Anxious not to sell private property, however, the government has decided not to include Mrs Marcos' 3,000 pairs of shoes.

The government may also sell gallons of perfume, hundreds of boxes of imported soap, shirts, and sets of golf clubs that the Marcoses abandoned when they fled the country in February to live in exile in Hawaii.

Proceeds from the sale are to be used to finance economic projects. Some items have a rarity value. A 1978 Mercedes-Benz sedan found in the presidential palace car park could bring in $75,000.

Alice Villadolid, a spokesman for president Corazon Aquino, says the new president would like to convince countries to be more forthcoming with loans to the new regime by showing them that the Philippines is doing everything it can, including selling companies, hotels, cars, and palaces, that it does not intend to use.

The Aquino government expects a budget shortfall of $1.1bn this year, because of alleged overspending by the Marcos government.

Life in Heaven

This is not a good time of the year in which to make appointments to see mandarins of the Japanese civil service.

For it is the season for job rotation — which can see a foreign ministry official transferred without apparent rhyme or reason from Ouagadougou to the north American division, or a ministry of trade and industry man being whisked from the semi-conductor department to supervise declining coal mines in deepest Kyushu.

In the uppermost echelons there is a sort of internal logic and order of succession. It has, for example, been known for months that Toyoo Gyohten would take over as the influential vice-minister of finance for international affairs, and that Makoto Kuroda would, in effect, take the parallel position at Miti.

But among the bureaucratic masses further down the ladder the civil servants approach midsummer simply not knowing, or being able to guess at, what they may be required to do next.

Nor do they get much warning. In the foreign ministry it is standard practice to give just one month's warning of a job shift, whether it be across the corridor or across the world.

And in the latter case the poor bureaucrat is expected to brief his successor, engage in endless farewell parties, settle his personal affairs, find a new home in his foreign posting, probably rent his existing home, and arrange for the education of his children.

For those Japanese at the end of their civil service careers, however, the summer is a time of expectation.

Top rankers will find themselves wooed, just like quality soccer players, for transfer to the private sector. The process is known by the delightful name Amakudari ("descent from heaven").

Watershed

This might set a useful precedent. Saudi Arabia has just settled a territorial dispute between two Persian Gulf states by the simple, if novel, proposal that the disputed land should be wiped out of existence.

The problem arose in March when Bahrain employed the Dutch dredging company, Ballast Nedam, to reclaim the tiny coral reef of Fasht Al-Dibal and build a coastguard station on it.

Work on the multi-million dollar contract was making rapid progress when troops from Qatar invaded the island in April and arrested the workers. The island, midway between Bahrain and Qatar, lies within a disputed border zone.

Saudi Arabia, called in as arbitrator, proposed that the 25 sq km island should be destroyed—and so it will be as soon as the Qatari troops leave.

In compensation for the loss of its building contract, Ballast Nedam has now been given the job of digging up the island and returning it to the sea.

Live and learn

A reader who gave a talk on adult education to his local Women's Institute tells me that his self-esteem was quickly deflated by a report of the event in the WI bulletin.

"In his talk to us on May 17th," said the note, "Mr —— showed the need for further education."

Observer

FRANCE'S COMMUNISTS

The 'renovateurs' gatecrash the party

By Paul Betts, recently in Mont-Saint-Martin

"YOU REALISE you are in one of the worst centres of heresy in France," says Roger Martin with a big grin. He is standing in the quiet garden of the Mont-Saint-Martin town hall—a pleasant building which was the home of a local steel baron before the industry in this corner of Lorraine commenced its terminal decline.

"This is one of the hotbeds of the new Communist dissidence together with the towns of Blenod les Ponts à Mousson and Homecourt in this department of Meurthe-et-Moselle," adds Martin, deputy mayor of Mont-Saint-Martin. A 36-year-old teacher with a passion for writing detective stories, Martin has been a committed Marxist and Communist Party militant for the last 22 years. "I joined the party under the influence of what was happening during the Vietnam war. I was proud to carry my badge and to say I was a Communist."

These days, Martin is no longer so proud of carrying his party badge. For he is one of a growing breed of French Communists worried by their party's leadership and direction and its alarming electoral decline.

At the last elections in March, the Communists won barely 10 per cent of the vote and finished with the same number of seats as the extreme right National Front.

During the last 15 years, the Communists, once the largest party on the French Left with up to 25 per cent of the vote, have been overtaken by the Socialists and have seen their support fall steadily to the point at which many believe that the party's descent is now irreversible

Party membership has fallen sharply. Although the leadership claims that there are more than 700,000 members, some Communists say it is no more than 100,000.

Membership reached a peak of 900,000 in 1947. By the end of 1978 it was officially put at 790,000 and in 1982 at 710,000.

The circulation of L'Humanite, the Communist Party daily, is about 105,000. The newspaper was given a facelift last year and changed from broadsheet to tabloid. The change, however, seems to have had little effect on its sliding circulation.

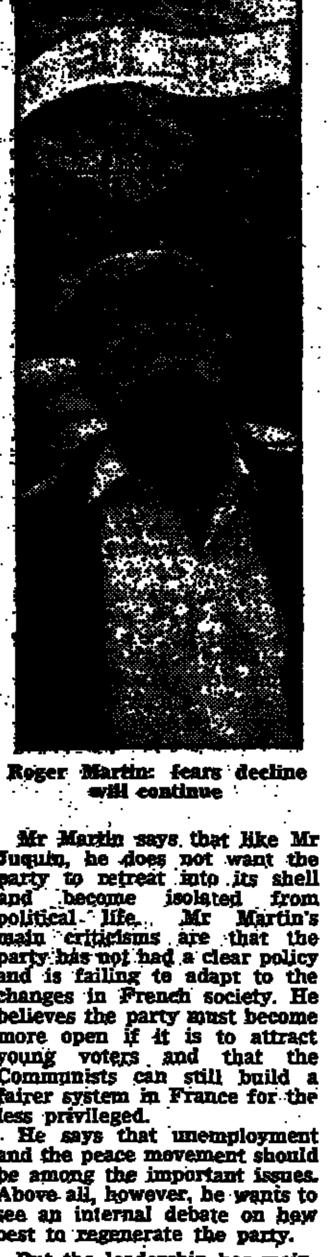
Mr Martin fears the party will continue to decline. "I don't expect we will do much better than 5 per cent in the next elections," he says. Like other dissidents, he says the party must get to grips with itself, debate its problems "openly and democratically," and try to devise a recovery policy. "If we go on like this we risk liquidation. Our leadership doesn't want to accept criticism and is plodding on in a blind and disastrous way. I too am *pur et dur* but not completely stupid," Mr Martin told a recent meeting in Paris organised by Communist dissidents.

That meeting and subsequent statements by Mr Martin and other dissidents reflect the intense degree of conflict within the French Communist Party. Mr Martin told his local newspaper that Georges Marchais, the party's secretary-general, should resign. Such behaviour, echoed in Communist Party federations throughout the country, is unprecedented. For the first time, the party's strict statutes and rules of "democratic centralism" which stipulate that once a rule is approved by the party it must be applied by all members, are openly challenged.

Dissidents have written articles in the non-Communist press. They have organised meetings and have sought through petitions and lobbying to persuade the party to hold an extraordinary congress to review its policies. "What we want is an open debate. We want a chance for everyone to discuss the party's future course. Not to hold such a debate is an anti-Marxist attitude and the best way of burying the party," claims Mr Martin.

The Communist dissidents have become known as "renovateurs" or reformists. Pierre Juquin, the party's former spokesman and a member of the central committee, the party's internal parliament, has emerged as the leader of the dissident movement. A lone voice in the central committee, he has argued for the party to change and evolve.

The "renovateurs" have sought to push the party away from Moscow and towards what has become known as the "Euro-left" following the failure of Eurocommunism. They have been nicknamed "the Italians" because of their efforts to shape the party along the lines of the Italian Communists, the only Communist party of any substance left in Western Europe, with 30 per cent of the Italian vote.



Roger Martin: fears decline will continue

Mr Martin says that like Mr Juquin, he does not want the party to retreat into its shell and become isolated from political life. Mr Martin's main criticisms are that the party has not had a clear policy and is failing to adapt to the changes in French society. He believes the party must become more open if it is to attract young voters and that the Communists can still build a fairer system in France for the less privileged.

He says that unemployment and the peace movement should be among the important issues. Above all, however, he wants to see an internal debate on how best to regenerate the party.

But the leadership has maintained its hard line refusing so far to make any big concessions to the renovateurs.

Until the party's 25th Congress last year, dissidents like Mr Martin had criticised the party only from within. But they were thrust into the open after the Communist leadership sought to put the lid on all internal criticisms at the last Congress and refused to include dissidents' amendments in the official document of the Congress.

"When I couldn't find a trace of our amendments, I decided I would stop holding back my opinions and voice them openly in public," says Mr Martin. But the leadership of the party has continued to try actively to gag the dissidents. After the latest setback in the March legislative elections, the leadership has so far refused to contemplate holding an extraordinary Congress.

However, under pressure from the growing dissident movement, Mr Marchais announced he would not be the party's candidate in the next presidential election. But many renovateurs believe Mr Marchais is still trying to hang on at the top of the party. "Any other candidate is likely to take a big risk in the next elections since the party is likely to do badly again," says Mr Martin.

Nonetheless, the question of success remains open. Party leaders have traditionally been the presidential candidates in France. Among leading candidates to take over are Charles Fiterman, the former Communist Transport Minister once regarded as a possible reformist leader but who has increasingly stepped into line with the party leadership, and Andre Lejoinie, a hardliner who is the president of the party's group in the National Assembly.

Either man, if chosen, is not expected to make accelerated changes in policies. Mr Marchais, personal dauphin, Jean Claude Gayssot, also has an *outside* chance of being chosen as a candidate but his electoral performance so far has been disappointing.

An outsider who would represent a concession to reformists is Anicet le Pors, a popular former Communist minister.

For the dissidents, the combination of the party's policy about-turns, its ties with Moscow, its ambiguous position on issues like Poland and Afghanistan, and its autocratic leadership style are to blame for the Communist decline in France.

Even in Lorraine where the party's presence remains significant, the Communists have been losing ground. The decline of the steel industry has not helped the party which was in government with the Socialists when the last big steel industry restructuring programme was launched. In 12 years the Longwy steel basin of which Mont-Saint-Martin is part has lost 15,000 jobs and more redundancies are likely.

However, the depressing local economic situation does not seem to have had a major impact in the last election. Indeed, the Socialists, blamed by the Communist leadership for its industrial policies, fared remarkably well and won more votes, including more than the Communists, in the Longwy area.

The Communist leadership is mounting a new campaign to try to halt the latest and increasingly vocal campaign of dissidence against its policies and management of the party. It has sought to choke debate in local federations and force the most militant dissidents to leave the party.

Not all party members at Mont-Saint-Martin approve the outspoken approach of dissidents like Mr Martin. Albert Falcetta, the secretary of the pro-Communist CGT union at the local steel plant, says he agrees with the ideas of the dissidents but not with their methods.

"Falcetta and I had a big row the other day," acknowledges Mr Martin. "But we don't disagree on what has to be done, only in the way of doing it." Martin is convinced that the party will suffer a haemorrhage if, as expected, it falls to 5 per cent or less in the next election and no process of renewal has begun by then.

"Some disenchanted Communist voters will go to the Socialists; others will go to small left-wing political groups; others will simply go and look after their garden if there is no change," he warns.

Rather than choosing to hold an internal debate on its future, the party leadership has sought to smother the rebels and close ranks in the basements of its bunker-like Paris headquarters of Place du Colonel Fabien. This does not seem to have discouraged so far the dissidents of Mont-Saint-Martin. "We know all about bunkers round here," said one local renovateur. "We had the Maginot line just a few miles away and it was a fat lot of use in stopping the Germans."

Economic co-operation

Why Tokyo's indicators are so important

By John Williamson

IN ECONOMIC terms, at least, the Tokyo summit was the most substantive since Bonn in 1978. Unlike Bonn, however, the main achievements are important for the future, rather than for any horse-trading to alter policies in the near term. There was, for example, no agreement on whether the yen should appreciate more or whether Japan and Germany should expand domestic demand.

Last week's international monetary conference in Boston revealed that the differences on these issues remain as sharp as ever.

The promise for the future arises from the major countries' commitment to improve co-ordination of macroeconomic policies. Gone are the old slogans about "convergence" —a red herring at the best of times, for what matters for global economic performance is that policies should be consistent rather than similar.

The principal commitment is to specify objectives and forecasts for a series of variables that have been christened "indicators." For years I have argued that the crucial step in transforming the IMF's multilateral surveillance from platitudinous expressions of good intentions to meaningful policy co-ordination was to persuade the major powers to commit themselves *ex ante* to quantified policy targets. That is exactly the practice to which the summit agreed.

I always envisaged these quantified policy targets being limited to one or two variables. The obvious candidates seemed to be those where arithmetic dictates that the outcome for *some countries is the obverse* of that for others (like current account balances or exchange rates), since inconsistent objectives in these areas are particularly dangerous. Exchange rate targets had particular appeal, in as much as they can be monitored continuously.

To my amazement, the summiteers have gone much further by calling for quantification of no fewer than 10 indicators: the growth of GNP, inflation, *interest rates, unemployment*, the fiscal deficit, current account and trade balances, monetary growth, reserves, and the exchange rate. Unfortunately, however, more is not necessarily better. Ten indicators vastly overdetermine the system: only by improbably good forecasting or incredibly good luck will the planned policies embodied in some of the indicators result in the planned outcomes of the others. This will increase the difficulty of ensuring the mutual compatibility of the indicators. It also raises the danger that when one *indicator* flashes a warning that (say) monetary policy ought to be tightened, two others will suggest that it ought to be loosened, as a result of which policymakers will find it easy to continue doing exactly as they please.

An overdetermined set of indicators may serve as a trigger for consultations, but it cannot be used as an automatic trigger for policy action. More seriously, it cannot even be *used to* create a presumption of the need for policy adjustments. That makes it doubtful whether it will be helpful in mobilising pressure to act after the consultations have been triggered.

It will therefore be necessary to structure the indicators rather than simply to list them. Some indicators will have to be allowed to override others. It will be necessary to reach understandings *on the differing time horizons* to which various indicators are relevant.

One strategic choice is whether to give priority to commitments regarding the instruments of fiscal and monetary policy or to the objectives (growth, inflation, unemployment and in the medium run the balance of payments). If a country fulfils its declared medium-term financial strategy but finds that *it is missing its objectives*, has it fulfilled its international responsibilities or should it be called to order?

Put the question the other way round. If a country was growing fast enough to be reducing unemployment while inflation was falling and the balance of payments was internationally agreed to be satisfactory, would it be urged to adjust its policies just because the money supply was growing *faster or slower than* expected or the budget deficit was bigger or smaller than the target? The Chancellor's decision in the Budget to raise the target range for sterling M3 shows that the theory of medium-term planning of the policy instrument has been abandoned in substance (if not in rhetoric). Surely the international system should not revive what Britain is finally escaping from.

The alternative is bound to take us back closer to the Keynesian tradition of macroeconomic management, though hopefully this time freed of the temptation to disregard medium-run sustainability in choosing targets. Indeed, some targets should themselves be chosen with a view to making progress toward other targets selected explicitly with a view to their medium-term sustainability. For example, the unemployment target should be a medium-run target that corresponds to the best estimate of the natural rate of unemployment (or "Nairu"). The growth target should then be what would be needed to get unemployment down to the "Nairu" in the medium term, say five years.

Given the delay with which fiscal and monetary policies act on growth, inflation and the current account, it would be inefficient to monitor only the final variables.

Clearly, there is still a great deal of work before the 10 indicators named at Tokyo can be *structured into a proposal that* would provide standards able to resolve outstanding policy disagreements. It will also be necessary to agree on the IMF's role both in ensuring the compatibility of the participants' objectives and blowing the whistle when outcomes deviate from objectives.

Yet the fact that the US Treasury is leading the pressure for designing such a system is immensely significant. If the US accepts the discipline that the system entails, the chances of a repetition of disasters like the worldwide inflationary acceleration of the early 1970s or the cripplingly high interest rates of the past few years will be vastly diminished. Paradoxically, the major obstacle at present seems to be European hostility most notably in Germany but also in Britain. If the Europeans block this opportunity, they will have only themselves to blame next time a US administration rides roughshod over their interests in choosing its macroeconomic policies.

The author is senior fellow, the Institute for International Economics in Washington.

Letters to the Editor

These rights are archaic

From Mr M. A. Tory

Sir,—It seems curious that large vendor placings such as that recently undertaken by Dee Corporation should attract such controversy when UK companies routinely, and without comment from institutions or the press, issue shares equivalent to as much as 100 per cent of their existing capital as consideration for acquisitions of other UK corporations. To the extent underwritten for cash, these issues are conceptually equivalent to vendor placings (i.e., the sale of an asset in exchange for shares subsequently sold to underwriters for cash) and result in the same percentage dilution.

Percentage interests in a corporation are clearly of little interest to the mythical small investor on whose behalf criticisms of vendor placings are put forward; they are of concern only to larger, institutional shareholders wishing to preserve their influence over the managers of UK companies. Arguments about the underwriting discounts involved in vendor placings ignore the fact that cash-underwritten takeover bids also involve new shares being issued at a discount.

If pre-emption rights, as ensconced in the Companies Act and the rules of the Stock Exchange, were truly intended to *enable investors to maintain* their *pro-rata* share of a corporation's capital, they would apply not just to issues for cash but to all issues of equity capital (including convertible securities issued in the Euromarket, which mysteriously escape criticism).

Your references to the American system (June 6), where pre-emption rights are of no concern to investors in public companies, are ironic when one considers that the individual investor in America has flourished to an extent unimaginable in the UK, despite the absence of the putative protection provided by pre-emption rights. The same UK institutions which become agitated about vendor placings are presumably happy to hold shares in US companies which routinely issue shares for cash otherwise than by way of rights.

UK corporations are today finding themselves increasingly encumbered (*and at a disadvantage vis à vis* their international competitors) by the perpetuation of what is essentially a restrictive practice by the Stock Exchange and attempts by large, institutional shareholders to maintain the *status quo*.

A move to the US system, where companies issue equity for cash at or near the market price, would also erode the traditional relationship between UK companies and their merchant banks and stockbrokers, with shares being issued on an auction basis to the highest bidder. If the equity markets are intended to be a public resource designed to enable UK companies to raise capital efficiently and flexibly, then a move to this system is inevitable. Dire predictions of the consequences for the individual investor of such a move completely ignore the American experience.

The sooner pre-emption rights are recognised for what they are — inconsistent, archaic and restrictive — the better will be the ability of UK companies to compete internationally for the world's scarce capital resources.

M. A. Tory.
52 Wyley Court, Coram St, WC1

Europe's consumer electronics role

From Dr I. Mackintosh

Sir, — Carla Rapoport makes a case: "Tactics in the new TV contest" (June 3) for European adoption of the Japanese high-definition television standards, and seems to view with equanimity (from her Tokyo base) Japanese domination of European markets for consumer electronics. But there is another side to the coin.

The arguments for maintaining a strong European capability in the massive consumer electronics sector could do with some reiteration. First, while the Japanese inward investors are proving to be model employers, their contributions to ameliorating Europe's endemic unemployment problem are minuscule, while their essential technology and production engineering base remains—as I believe it will — in Japan.

Second, innovation in consumer electronics has by no means been a Japanese prerogative (PAL, SECAM, teletext and the laser disc are all European developments for example) and Europe is still fully capable of satisfying the consumer's appetite for all the enticing new electronic goodies now coming along. Moreover these innovatory skills have knock-on benefits to many other segments of the electronics industry. Elimination of that technological driving force would be a body-blow to Europe as a whole.

Third, in an industry dominated by economies of scale the electronic component manufacturers in Europe would be seriously disadvantaged by having to forgo the volume orders (often for technically advanced products) concomitant on the existence of a large competitive and indigenous consumer electronics industry.

These (and others) represent the defensive arguments but it is essential to devise a more constructive European strategy as I have tried to do in my forthcoming book Sunrise Europe.

The total European consumer electronics market, currently about £10bn, is more than double that in Japan and represents, *inter alia*, a vital constituent of the demand pull which must lie at the heart of any European renaissance strategy in high-tech products. If a harmonised European market can be created for such products, and if this can be served by European suppliers, then Europe's massive purchasing power would be more than sufficient to revitalise its own hard-pressed electronics/IT companies.

Applied across the full range of electronic products such a renaissance strategy would create more than 5m new direct jobs in the electronics/IT sector alone over the next 20 years, or so. The alternative is to concede hegemony over consumer electronics to Japan (and over other key product segments to the US, Japan, South Korea *et al*) to the point where Europe surrenders the power of job creation in the single most important industry of the foreseeable future.

Ian Mackintosh.
Chesham House, 150 Regent St, W1

Personal tax reform

From Mr J. Porter

Sir,—In his article on the Chancellor's personal tax reform plans (May 29) Michael Prowse argued in support of independent taxation and put forward the view that there was no rationale for giving a married person access to a tax allowance or other benefits simply because they were married. He went on to imply that compensation was only justified if a spouse stayed at home to care for dependants.

This assumes that it is perfectly acceptable to increase the already considerable financial penalty for married couples who prefer to adopt the traditional British life style of working husband and supportive, but non-earning housewife. It is not only young children and elderly relatives who benefit from the stability that can be provided by a normal home. Many of today's social problems can be attributed to a breakdown in family life.

Wives who wish to work must have every opportunity to do so, with no sexual discrimination, but those who prefer to concentrate on their family responsibilities do not deserve to be penalised. The effect on the United Kingdom's unemployment figures would be considerable if such wives all decided to apply for work and the additional unemployment benefit would be a massive burden on the economy. Such an extreme reaction is totally improbable but this should not blind us to the logic of the situation.

John G. Porter.
The Grove, Grove Road, Beaconsfield, Bucks.

How Moscow's streets are kept clean

From Mr G. H. Vassiltchikov

Sir, — Patrick Cockburn's reasons for the relative cleanliness of Moscow's streets (as compared to London's) are incomplete and misleading (June 3).

Indeed, his "fierce little old ladies" are a very minor part of the picture. As any visitor to Moscow can see, every day around 11.00 pm there appear fleets of water-spraying road sweepers which systematically scour the city. And in winter some 5,900 snow-ploughs take over.

Take-away foods in the form of *pirozhki, kvass* and of course ice-cream cones are as familiar a sight there as are kerbside *food stands* here, but Moscow's consumers (unlike their London counterparts) discard whatever litter this involves not on to the pavement but into nearby bins that are emptied daily.

But above all, Muscovites take visible pride in keeping their city clean; and educate their children accordingly.

George Vassiltchikov.
17, Charterhouse St, EC1.

Water industry and the Labour Party

From the MP for Houghton (Lab)

Sir,—In your editorial "Cold water on privatisation" (June 4) you state that the Labour Party is committed to renationalising the water industry should it be privatised.

I wish to clarify the Labour Party's position. After discussions with the trade unions representing people who work in the industry, it was agreed that the water industry should be publicly owned and controlled. The industry should be under democratic control at regional and national levels. In the event of the disposal of the assets by the present Government, they would be returned to public ownership as a matter of priority.

Roland Boyes.
Opposition spokesman on the Environment.
House of Commons, SW1.

FINANCIAL TIMES

Wednesday June 11 1986

UK money supply figures dash rate hopes

By George Graham in London

A SURGE in the UK money supply yesterday dashed hopes of an immediate cut in interest rates and sent bond and share prices tumbling.

Sterling M3, the broad measure of money, rose an estimated 3 per cent in the May banking month, the Bank of England said yesterday. This took M3 growth during the past year to 19½ per cent, 4½ percentage points outside the government target range of 11 to 15 per cent, set in the budget in March.

The rise exceeded the hopes of the authorities and the financial markets and dampened earlier expectations that a cut in bank base rates might be permitted this week. Money market interest rates rose in response to the announcement, with three-month interbank rates settling ¼ higher at 9⅝ per cent.

Officials conceded that the rapid growth of sterling M3 was unhelpful. They said it reinforced the need to weigh monetary targets against other indicators of monetary conditions, such as the exchange rate, real interest rates and M0, the narrow measure of money consisting largely of notes and coins.

M0, more favoured by the Treasury than by analysts outside government, rose in banking May up to ½ per cent, bringing its growth to 3½ per cent during the previous year. This is in the lower half of the Government's M0 target range of 2 to 6 per cent.

Among the counterparts to sterling M3, bank lending fell back from the high levels reached in March and April, when companies were bringing forward their investments in anticipation of the ending of capital allowances, to an estimated £1.7bn ($2.5bn) in May. Officials said this was below the average for the preceding six months.

The Government's borrowing requirement amounted to £800m and this was not offset by sales of gilt-edged and other government debt. With a number of gilt issues reaching maturity, the public sector borrowing requirement was underfunded by about £500m.

The unexpectedly sharp rise in sterling M3 was largely because of a sharp rise in "other counterparts," which includes factors such as the banks' external and foreign currency transactions. Officials said there was no clear reason for this rise.

A separate announcement by the London and Scottish clearing banks showed another sharp rise in bank deposits by the private sector, which increased by an underlying £2.5bn in banking May. This was mainly in sight deposits, with current accounts buoyant and high interest personal accounts continuing to attract significant inflows.

The immediate effectg of the disappointing figures for money supply growth was to strengthen the pound. as dealers saw the prospect of an immediate interest-rate cut receding.

Brussels to seek wider role in nuclear safety

BY TIM DICKSON IN BRUSSELS

The European Commission was set last night to agree a controversial five-point plant, which, if accepted by EEC member states, would significantly extend its competence in the field of nuclear safety.

Inspired partly but not exclusively by the Chernobyl nuclear disaster in the Soviet Union, the Commission's recommendations include the possibility of a community-wide inspectorate, new Community rules to limit radioactive emissions from nuclear plants and a new European-wide consensus on contruction and component standards.

Member states, notably France and Britain, have tended to be sensitive about outside attempts to control their own nuclear industries. But in the immediate aftermath of Chernobyl, the Commission detects a new willingness to accept that nuclear safety has considerable cross-border implications and is hoping to build on that momentum through the adoption of its new proposals.

To back up its case, the Commission points out that Community powers have barely been extended since the Euroatom-Treaty was signed in 1957, and yet, since that time, 100 new nuclear power plants have been built. Many of those, moreover, are located near national frontiers, with all that that implies for the safety of individuals in neighbouring states.

The new Commission initiative is partly in response to a request fromthe Council of Ministers last month for new proposals on basic health standards and emergency procedurers after Chernobyl. Some of the proposals, however, stem from previous concern about difficulties at Community plants such as Sellafield in the UK and the dumping of nuclear waste at sea.

● Protection of health, including a review of basic standards under the Euratom Treaty, the possibility of Community-level inspection and new radioactive tolerance levels for contaminated foodstuffs.

● Safety of nuclear installations. Consideration is being given to whether emission and information standards should be applied to nuclear installations as they already are to other industries and pollutants.

● Procedures to be followed in a crisis. The International Atomic Energy Agency (IAEA) is working on that, but the Commission proposes that the Community should also take its own steps.

● International action. The Commission believes there is greater scope for Community action.

● Research. Money is likely to be set aside for new programmes.

The Commission admits that the new proposals would significantly increase its powers. But while they may run into oppositon from Britain and France, they will be received more sympathetically elsewhere. Several member states have already made specific requests for action, with the Irish Government, for example, pressing for the establishment of a community inspectorate for the nuclear industry.

German growth slows in first quarter

By Jonathan Carr in Frankfurt

WEST GERMAN economic growth slowed markedly in the first quarter this year, casting new doubts on official forecasts of about 3.5 per cent expansion for the whole year in real terms.

The Bonn Economics Ministry blamed the slowdown partly on the unusually cold winter weather and said it was confident that growth would pick up again this quarter.

However, the news is likely to be used, not least in the US, as new evidence that Germany needs to boost economic expansion and thus indirectly help fuel growth in other countries.

The federal statistical office said real GNP in the first quarter was 1.5 per cent higher than in the same period of 1985, after a year-on-year increase of 2.4 per cent in the last quarter of 1985. First-quarter GNP actually fell by 1 per cent against the 1985 last-quarter result.

Private consumption was relatively buoyant and is likely to pick up further as the year wears on. But state consumption and investment in plant and machinery dropped in real terms against the end-1985 period.

Moreover, although the number in employment rose by almost 250,000 in the first quarter against the same period last year, there were also more people seeking jobs. As a result, the number of unemployed remained at an average of more than 2.5m.

The high unemployment, together with Germany's virtually zero inflation rate and growing trade surplus, is cited by US officials in particular as evidence that Bonn should move to stimulate domestic demand.

The Government rejects that argument, saying budget consolidation comes first and that, in any case, it still expects to have one of the highest economic growth rates among Western countries this year.

Similarly, the Bundesbank rejects demands to cut interest rates, saying it is currently overshooting its money-supply targets and the German rates are already low by international standards.

UK Monopolies Commission to examine bid for Wedgwood

BY LIONEL BARBER IN LONDON

THE BRITISH Government yesterday referred the £149m ($223m) hostile bid launched by London International Group, the consumer products and contraceptive business, for Wedgood, the fine china manufacturer, to the Monopolies and Mergers Commission. The bid thus lapses at least until the panel completes its report.

But Mr Paul Channon, Trade and Industry Secretary, cleared several other important bids, including the £1.6bn contested offer by Dixons, the electrical retailer, for the Woolworth-holdings store chain.

The other bids allowed to proceed are the £145m bid by Hawley Gorup for Pritchard Services Group in the cleaning services sector; The bid launched by Williams Holdings, the acquisitive industrial holding company, for Duport, the engineering group; and the proposed acquisition by Hambros, the merchant bank, for a 61 per cent stake in Mann & Co, the estate agency, which would create the UK's largest estate agency chain.

The recent spate of takeover activity in the UK has put pressure on the Office of Fair Trading, the competition watchdog, and led to delays in the OFT making recommendations to Mr Channon. The OFT is currently examining 46 proposed acquisitions by publicly quoted companies and is giving confidential guidance on several others. But it only employs 10 people in its merger including merger vetting section, clerical staff, an increase of four since 1981.

The full Takeover Panel last night criticised N. M. Rothschild, merchant bank advisers to Woolworth Holding in its fight against the £1.6bn ($2.4bn) bid from Dixons, for allowing Woolworth to produce a profit forecast and property revaluation last Friday that was "materially deficient" according to London's Takeover Code.

Sir Gordon Borrie, director general of the OFT, said in a recent interview with the Financial Times that he was seeking an increase in staff. One reason is that the custom of making a recommendation on an offer before the first closing date has not proved possible to fulfil. About seven bids have slipped past the first closing date, the OFT said yesterday.

The slippage occurred with the Dixons bid for Woolworth: Dixons subsequently appealed to the full Takeover Panel to be allowed to extend its offer. But after yesterday's decision by Mr Channon, the panel decided not to make a general ruling arising out of that particular instance.

The pressure on the OFT's manpower adds a fresh twist to the current competition policy debate in the UK. Last week, Mr Channon announced that his department was to conduct a review to be completed as soon as possible.

It the case of the Wedgwood bid, Mr Channon said the proposed merger raised issues of competition in the market for china and ceramics. DTI officials said yesterday that there was some dispute on the size of UK market share that would be created as a result of the proposed London International and Wedgwood merger. LIG, which already owns Royal Worcester Spode, argued that it would be less than 25 per cent.

Mr Alan Woltz, chairman of London International, said he was "genuinely surprised" by Mr Channon's decision to refer the bid to the Monopolies Commission, in accordance with Sir Gordon's recommendation.

THE LEX COLUMN

Summer deluge in Lombard St

No matter how unfashionable it has become to demand fulfilment of monetary targets – not many in the City of London these days adhere to the original faith – not even the most free-and-easy of interest rate optimists can feel comfortable with a thoroughgoing monetary excess. By almost any standards, the latest 3 per cent growth in £M3 is at the disquieting end of the scale, and the annualised 39 per cent growth over the past quarter is beyond what can be casually explained away. Base rates may yet be cut, out of deference to Treasury policy, but market pressure for the clearing banks to move on this front is hard to detect.

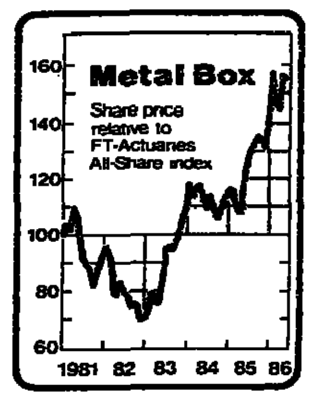
Bank lending is still ripping away at £1.7bn a month, but as that is below the recent average, it can scarcely be blamed for the overall deterioration. Neither can the underfunding of a none-too awful PSBR. The large soft area in the figures is to be found in that miscellaneous bag of counterparts to £M3 which contains external transactions by banks and shifts in their non-deposit liabilities; which has gone wrong is a question on which nobody is willing to hazard a guess.

In truth, it probably does not matter too much. In a period when UK corporate treasurers have been doing more of their funding offshore, the bank lending figure is probably worse than it looks – more evidence of the personal sector credit boom which has been showing up in London house prices and, until recently, the stockmarket.

The initial upward movement in sterling was recognition that London was not going to be able to move against a tightening of international interest rate conditions. The authorities have some ground to make up in their funding programme, and a general steepening of yield curves is no environment in which to recover the back-log. And with British Gas looking set for a 10 per cent yield, if it is to stand up against the better class of oil stockl, there are undeniable problems in trying to sell orthodox gilt-edged on a yield half a point lower.

Italy

When a market falls by a third in a little over a fortnight, foreign investors usually run for the exit or for the way in. In the case of Italy, the settlement system is still so chaotic that the opportunity cost of doing either must make for second thoughts.



Yesterday's small recovery in the index can probably be traced to the Finance Minister, who said he would not be taxing capital gains on equities for the moment. Presumably, the moment he does, the share certificate – already a rarity – will cease to exist.

When even the most diehard Milanese proponent of the bourse as an inverted proxy for the oil price is turning chartist, the only thing that matters is the flow of cash into mutual funds; but the record inflow of the first 10 days of this month may be partly a product of the CGT scare on direct purchases.

There must be a point, however, at which the Italian investor tires of handing his money over for industrialists to scavenge round the rest of Europe, and takes his gains, if he can.

Electrocomponents

Recent results from electronic-component companies have disappointed, so Electrocomponents' shares have been twitchy over the õast week. The actual result of £35m pre-tax, while scarcely ahead of forecasts, was enough to push the shares back up 7p to 382p, even against a murky market. Second-half profits grew by only about half the rate enjoyed in the first half, but this slowdown was clearly signalled by the company at the interim stage.

The company's stated aim is to increase the proportion of its profits from new businesses, particularly in the US. But these have produced growth only in sales, with the result that Electrocomponents is more than ever reliant on the original RS Components business for maintaining profits growth. RS has contiued to steam ahead on 40 per cent gross margins, while adding about 1,000 new product lines. There seems little reason why RS should not continue to grow at historic rates, as it is only slightly exposed to the boom and bust of the semiconductor cycle.

Perhaps the company should put all its efforts into what is essentially a highly successful mail-order business, and desist from overseas expansion and new ways of shifting products. This year it should hit £42m, putting the shares on a multiple of less than 15, hardly demanding given the strength of the core business.

Metal Box

In the past five years, Metal Box has doubled its return on capital and its sales per employee, degeared its balance sheet, pulled cash out of South Africa and reorganised a wasteful management structure. Yet it is only now this process is almost over, and the going turned sticky and disinflationary, that Metal Box has outperformed an inefficient market: yesterday's results for the year to March, which showed record earnings but mildly slipping sales and pre-tax profit down to £88m were good for another 51p on the share price to 805p.

The highlight of yesterday's figures was the collapse of profits from canning tomatoes from growers in the Mezzogiorno who have lost their subsidies. Leaving aside this £9m swing, Metal Box appears more than ever a business that has made great progress in cutting costs and reorienting its operations but is still canning for cash in mature markets. That cost savings on a building in Reading will be providing a third and more of this year's expected pre-tax gain shows how much growth will depend on applying technology to grab more of these markets; and all the fancy stuff on the stocks will take some time to realise.

Until the plastics packaging venture with Alcoa in the US starts earning, and the Petainer (a coated plastic can has solved its recycling problems, Metal Box will be chasing growth from reorganisation, or buying in earnings. Even with the example of Reed in mind, this scarcely suggests a steep rerating is in store.

Sponsors may outscore Mexico in Cup revenue

Continued from Page 1

Brazilian president of Fifa and a shareholder in the leading Jornal do Brasil newspaper, to acquire the Record TV network in Brazil, in his attempt to challenge the powerful Globo network, Televisa's counterpart there.

Fifa's accounts for the Spanish World Cup show a surplus of SFr 63m ($34m at present exchange rates) – which is divided among the affiliated national federations – on a total take of SFr 115m. Earnings came from its share of ticket sales (SFr 40m) TV rights (SFr 39m) and advertising sponsorship (SFr 36m). It is not clear what proportion of those three principal means of financing a World Cup goes to the local organisers and broadcasters, since they do not present accounts.

In this Cup, for the first time, the main money-spinner will be sponsorship, which according to Mr Hempel of ISL, will bring in 50 per cent of revenue.

ISL has sole rights to market the Cup as well as other important soccer championships and to the summer and winter Olympics in Seoul and in Calgary in 1988. It takes a cut from its contracts with Fifa, the local organisers, and the licensees of official World Cup marques.

ISL is majority owned through a holding company by Adidas, the sports-goods manufacturer, which has kitted out 17 of the 24 teams playing in Mexico, and provides the official balls. "It was already at the centre of the action on pitch," says Mr Hempel, "and it was a logical extension to establish a presence around the pitch."

Mr Hempel's organisation has sold space on the 32 billboards around each stadium to 12 companies or brands: Bata shoes; Fuji Films; Gillette; JVC; Philips; Canon; Cinzano; Coca-Cola; Seiko; General Motors-Opel; R. J. Reynolds' Camel cigarettes and Anheuser-Busch's Budweiser beer.

All those sponsors paid handsomely for "prior category exclusivity" explains Mr Hempel, which keeps out competitors, such as, say, Pepsi-Cola, Martini and Nikon. Those sponsors also become the official suppliers of their respective goods and services for the Cup, and also appear to have prior exclusivity in Televisa's half-time advertising slots.

How much they pay for their board space is confidential, but the sums most commonly mentioned are $8m–$10m each. Not all of that is Cup revenue, since ISL sells four-year packages, which also cover European, African and Asian championships.

It is clear from the often half-empty grounds that the price of tickets – starting at $20 and until late last week sold only in full series – was pitched too high and attendances may average as low as 60 per cent, against 82 per cent in Spain.

MEXICO 86

There is also now a question mark over how much the sales of TV rights and services will realise, since, after the transmission chaos of the first week, many outside broadcasters plan to demand reimbursement for services they did not receive.

Those costs, once again, are confused. But European broadcasters say Televisa is charging $10,000 for a commentary channel per match, and $650,000 for a studio for the tournament, payable in US bank accounts. Apart from its share of the TV take, Televisa's new $10m International Press Centre should easily be paid off by the 5,000 journalists using it.

Local business involvement is almost wholly multinational, with IBM of Mexico, for example, providing free at a cost of $2m a range of its computers for the press centre, Nestlé providing free coffee, Hewlett-Packard setting up an anti-doping laboratory, Ericsson and Siemens showing off their latest telephone plastic-ware and Ford laying on 200 logo-typed cars for the organising committee.

Mexicana, one of Mexico's two national airlines, expects its June turnover to have increased by up to $5m. Dozens of local companies and shops have footballised their image, while thousands of little retailers, selling everything from tacos to T-shirts, will make money.

The balance of all that for Mexico is anybody's guess, but one trend should make the next World Cup in Italy in 1990 a considerably more profitable proposition.

That trend is the growing attraction of soccer to North American viewers. With the exception of Europe, the World Cup's vast audience has up till now been almost entirely in the Third World, missing the lucrative US and Canadian markets, which secure, ultimately, the Olympics' financial success.

In 1982, only ABC in the US took the Cup final live. This time, NBC has a minimum commitment of 16 hours, the ESPN sports cable channel is taking 22 games, the Spanish-language network SIN (in which Televisa still has the dominant stake despite a recent anti-trust suit) is taking 44 games, as are the Canadians, whose national team's presence for the first time in a World Cup bears witness both to soccer's growing popularity and its expanding financial frontiers.

Fermenta talks for Montedison

Continued from Page 1

SKr 700m after the acquisition at the end of last year of SDS Biotech in the US.

From being a producer of basic penicillin. Fermenta grew through a rapid series of acquisitions into one of the world's leading bulk antibiotics producers. It had also begun to expand into animal health and agrochemicals, before the headlong rush for growth was halted by the spectacular turmoil of recent months in which Mr el-Sayed was forced to step down as chief executive and become executive deputy chairman.

Much of Fermenta's expansion has taken place in Italy with the takeovers of Pierrel (81.7 per cent of the votes, 68 per cent of the capital), an antibiotics plant from Gruppo Lepetit, and Pro-Chim Re.

World Weather

		°C	°F
Ajaccio	S	22	72
Algiers	S	25	77
Amsterdam	S	25	77
Athens	F	23	73
Bahrain	S	39	102
Bangkok	S	36	97
Barcelona	S	20	68
Beirut	–	–	–
Belfast	R	9	48
Belgrade	F	22	72
Berlin	S	23	73
Biarritz	C	17	63
Bombay	C	30	86
Bordeaux	F	19	66
Brussels	S	24	75
Budapest	C	23	73
B Aires	C	16	61
Cairo	C	35	95
Cape Town	C	17	63
Caracas	C	28	82
Casablanca	C	21	70
Chicago	R	18	64
Cologne	S	24	75
Copenhagen	F	14	57
Corfu	R	19	66
Dallas	C	26	79
Dublin	R	9	48
Dubrovnik	S	26	79
Edinburgh	R	8	46
Faro	S	23	73
Florence	F	26	79
Frankfurt	S	25	77
Funchal	S	22	72
Geneva	S	25	77
Gibraltar	S	23	73
Glasgow	R	7	45
Guernsey	S	13	55
Helsinki	S	18	64
H Kong	S	29	84
Innsbruck	S	24	75
Inverness	R	7	45
Islamabad	S	42	108
Istanbul	F	24	75
Jakarta	C	30	86
Jersey	F	15	59
Jo'burg	F	16	61
Lima	C	19	66
Lisbon	S	25	77
London	F	16	61
Los Angeles	C	17	63
Luxembourg	S	22	72
Madrid	S	29	84
Majorca	S	23	73
Malaga	S	24	75
Malta	S	13	55
Manchester	F	12	54
Manila	S	34	93
Melbourne	C	12	54
Mexico City	R	28	82
Miami	C	29	84
Milan	S	24	75
Montreal	S	23	73
Moscow	S	27	81
Munich	S	22	72
Nairobi	C	21	70
Naples	S	27	81
Nassau	C	31	88
New Delhi	S	43	109
New York	S	19	66
Nice	S	23	73
Nicosia	S	34	93
Oporto	C	17	63
Oslo	C	15	58
Paris	F	24	75
Peking	S	33	91
Prague	S	21	70
Reykjavik	F	7	45
Rhodes	F	24	75
Rio de J'o	S	29	84
Rome	S	28	82
Salzburg	S	25	77
San Francisco	–	–	–
Seoul	F	29	84
Singapore	F	31	88
Stockholm	S	21	70
Strasbourg	S	25	77
Sydney	F	16	61
Taipei	S	27	81
Tangier	F	23	73
Tel Aviv	S	33	91
Tenerife	F	23	73
Tokyo	S	24	75
Toronto	F	13	55
Tunis	S	24	75
Valencia	S	24	75
Venice	S	24	75
Vienna	S	22	72
Warsaw	S	20	68
Washington	F	19	66
Zurich	S	24	75

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK backs French call

Continued from Page 1

The US had already imposed "non-restrictive" quotas on candy, beer and several other EEC products last month in retaliation for limitations on US grains and oilseed exports to Portugal and Spain. The quotas were set above the level of 1985 exports in the categories concerned.

The US move evoked anger from the Paris Government, which sees French wine exports to the US suffering immediately. But the Community reacted cautiously by postulating counter-action only if it could be proved that the US measures caused economic harm.

Commenting on the threat of more US measures on July 1, when Washington has said it will bring in increased tariffs on imports of some agricultural products and alcoholic drinks, Mr Raimond said yesterday he hoped EEC leaders would draw up a common line on counter measures at their summit in The Hague in a week's time.

Sir Geoffrey and Mr Raimond also discussed yesterday – in their fifth meeting since the change of French Government in March – the future of South Africa and East-West issues.

Sir Geoffrey reaffirmed that Britain still opposed mandatory sanctions against Pretoria in spite of mounting Commonwealth pressure for such action.

Unrest boosts metal prices

Continued from Page 1

tions' cash, at the same time as their inflow of funds is being reduced as employers take contribution holidays from their overfunded company pension schemes, brokers said.

At some leading pension funds, the only new income to be invested is coming from dividends and interest payments, rather than from contributions.

The FT Ordinary share index fell by more than 20 points in early trading before recovering to halve this loss. After the money-supply figures were published, however, it fell back again and closed 15.1 lower at 1,3114.4.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday June 11 1986

Peugeot angry at state plan to rescue Renault

BY PAUL BETTS IN PARIS

PEUGEOT, the French private-sector car group, is increasingly concerned over plans to bail out Renault, the troubled state-owned motor manufacturer, with financial support that would amount to between FFr 15bn and FFr 20bn ($2.12bn-$2.82bn).

Mr Jacques Calvet, chairman of the company, which groups the Peugeot, Talbot and Citroën marques, is to see Mr Edouard Balladur, the French Economy and Finance Minister, tomorrow to express his anxieties over the possible rescue for Renault.

Mr Calvet argues that the level of aid Renault is seeking to restructure its balance sheet would distort competition and be unfair to Peugeot, which recently returned to profitability after extensive restructuring. Peugeot also points out that its recovery was achieved with little support from government.

Renault is so far due to receive about FFr 5bn in support this year from the Government, its sole shareholder. However, Mr Georges Besse, its chairman, has argued that the group needs substantially more to help to restructure its balance sheet and cut debts, which have reached about FFr 60bn.

The new conservative Government has said it opposes industrial subsidies, but seems to have little alternative to helping to clean up the Renault balance sheet if the group's financial recovery is to succeed.

Renault lost a record FFr 12.5bn in 1984 and another FFr 10.9bn last year. It has now cut its average monthly operating loss to about FFr 500m compared with FFr 1bn a month in the first half of last year, but is still suffering from its huge debt burden.

Peugeot has not hidden its annoyance at Renault's aggressive marketing strategy on the domestic car market, which brought it a 32.5 per cent market share last month, compared with slightly less than 30 per cent for Peugeot.

Renault has in turn been irritated by Peugeot suggestions in recent weeks that its state rival has been undercutting the market to regain share. Renault says those criticisms are unjustified and that it has been engaged in perfectly conventional marketing techniques used by all car manufacturers.

Peugeot last week reported group earnings of FFr 541m after accumulating losses of FFr 8bn during the previous five years.

Metromedia may sell paging and cellular telephone operations

BY PAUL TAYLOR IN NEW YORK

METROMEDIA, the US conglomerate headed by Mr John Kluge which has been selling its broadcasting interests, has hired Morgan Stanley, the Wall Street investment firm, to study the possible disposal of its extensive radio paging and cellular mobile telephone operations.

The sale, which analysts believe could fetch between $800m and $1bn, would mark a further sharp shift in strategy for the New Jersey-based group, which went private in a $1.3bn leveraged buy-out in 1984.

Since then Metromedia has engaged in a massive asset disposal programme. Earlier this year it sold its seven television stations to Mr Rupert Murdoch for $2bn and its nine radio stations to a management-led investor group for $285m. It had previously sold its billboard advertising operations.

At the time of the radio station sale in March, the group said it planned to concentrate on its remaining paging, cellular-telephone and long-distance telephone business. Its telecommunications operations had sales last year of $226.8m. The company did not elaborate on its apparent change of mind.

Metromedia is the nation's largest paging company with about 500,000 customers. Its cellular telephone operations, concentrated in New York and five other metropolitan areas in the north-east, are considered particularly valuable franchises.

Its 45 per cent interest in the New York City franchise alone is estimated to be worth more than $80m. Metromedia also has substantial equity stakes in the Boston, Philadelphia and Baltimore/Washington cellular franchises and owns all of a Chicago franchise.

If Metromedia goes ahead with the sale of its cellular telephone operations it would mark a further, major consolidation of the fast expanding industry whose customer base more than tripled last year to over 340,000.

It might also enable the regional Bell Telephone holding companies, already active participants in the paging and cellular business, to increase their grip on the mobile communications industry. Under the Federal Communications Commission (FCC) cellular licensing procedures, metropolitan areas were each allocated a Bell-owned franchise and a competing "non-wireline" cellular operator.

However, the heavy capital outlays involved in setting up the services – estimated at over $1bn for the 102 systems operating in 80 markets – coupled with continuing operating losses despite revenues which almost doubled to $306m last year, have already forced some participants including MCI, the Washington-based group, out of the market.

In contrast several of the Bell regional telephone companies have been stepping up their investments in both the paging and cellular markets.

SMH profits more than double

BY WILLIAM DULLFORCE IN GENEVA

SMH (Société Suisse de Microélectronique et d'Horlogerie), Switzerland's biggest watchmaking group, yesterday reported net consolidated earnings of SFr 60.4m ($32.8m) for 1985, up by SFr 33.9m, and a 13.6 per cent climb in turnover to SFr 1.8bn.

The two principal factors in the sales growth were the success of the Swatch, the cheap plastic watch of which 8.3m were sold last year, and the good performance of ETA, the subsidiary which makes movements and components.

The three-year recovery plan, set in motion in May 1983 after the rescue by the big Swiss banks and the merger of the two loss-making companies, Asuag and SSIH, had succeeded, Mr François Milliet, the chairman, said. The financial reconstruction has been completed.

No dividend will be paid on the 1985 account, but Mr Milliet said a payout to shareholders could be expected next year. The SFr 18m profit available to the parent company for 1985 would be allocated to reserves.

Despite the fall in the exchange rate of the dollar, in which close to half of watch products is quoted, SMH had been able to maintain sales at the same level as last year during the first five months of 1986, and the year's results would be better than those of 1985, Mr Pierre Arnold, chief executive, said.

The Swatch production lines are working to capacity and have still not caught up with demand.

The board plans to raise nominal share capital from SFr 300m to SFr 400m through the issue of non-voting participation certificates. The question whether to issue a first slice of certificates this year remained open, Mr Milliet said.

The group of private shareholders led by Mr Nicolas Hayek, the consulting engineer, which bought a majority stake in SMH last year, is understood to be keen to pay back the SFr 150m convertible loan advanced by the banks in 1983. One SFr 50m bond has already been repaid.

The new share capital could also be used as backing for convertible bonds, for acquisitions or for providing employees with a stake in the company, Mr Milliet said. He is leaving the chairmanship after completing his three-year mandate and will be replaced by Mr Hayek.

SMH's recovery is charted in the consolidated results for the past three years. The net result has moved from a loss of SFr 173m in 1983 to profits of SFr 27m in 1984 and SFr 60m last year. Reported cash flow has similarly moved from a loss of SFr 94m in 1983 to SFr 87m in 1984 and SFr 121m last year.

Both the 1985 net profit and cash flow would have been higher, had the company not had to take SFr 28.1m in extraordinary charges into the account.

These charges principally concern Omega, the loss-making subsidiary which is currently being subjected to a complete reorganisation.

Omega is scheduled to break even this year, according to Mr Arnold. All the other group watchmaking companies – Longines, Rado, Tissot, Certina, Mido and Hamilton in the US – are back in the black.

Magazine publisher lifts bid for Blair

By William Hall in New York

MACFADDEN Holdings, a closely held New York publisher whose magazines include True Confessions and Modern Romances, has raised its bid for John Blair, the US communications group which last week agreed to a friendly $300m takeover by a company controlled by Mr Saul Steinberg, the financier.

MacFadden yesterday announced that it planned to commence a $30 a share cash tender offer for up to 8m Blair shares, or 70 per cent of its capital. Last week, Mr Steinberg's Reliance Capital group proposed a $27 a share cash tender offer for the same number of shares. In early trading yesterday, Blair shares rose $1 to $29¾.

MacFadden, which has a 12 per cent stake in Blair, had previously offered $25 a share, prompting the company to look for a "white knight." Blair had welcomed the Reliance offer and described the earlier proposal from MacFadden as "highly conditional."

Mr Peter J. Callahan, MacFadden's chairman, said yesterday that the shares not purchased in the tender offer would be exchanged in a subsequent merger for 15-year junior preferred stock with a stated value of $30 a share, increased by an amount equal to 12 per cent a year from the date of consummation of the offer to the effective date of the merger.

The junior preferred stock will be entitled to quarterly dividends of 12 per cent a year, payable for the first five years in additional shares of preferred stock.

Akzo takes half share in Madrid group

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fibres group, is taking a 50 per cent stake in Industrias Químicas Procolor, the paint division of the Madrid-based Uralita group.

Procolor, including its Bruguer unit, is the largest coatings supplier in Spain, with shares in construction, do-it-yourself and industrial markets. Sales were Fl 190m ($76m) last year.

The partial acquisition of Procolor is aimed at strengthening Akzo's Spanish coatings subsidiary, which has a strong position in automotive finishes, and is in line with an acquisition policy that includes special paints. Akzo recently purchased control of two British coatings companies, Blundell-Permoglaze and Blue Circle Sandtex, and last year bought Levis, a Belgian paint concern.

Alfa Romeo's losses increase

By James Buxton in Rome

ALFA ROMEO, the Italian state-controlled car maker in which Ford of the US has expressed an interest in buying a stake, last year increased its losses by 150 per cent. Group sales declined 7 per cent.

The total loss for 1985 amounted to L245bn ($160m) against L97.8bn in 1984.

Group sales fell from L3100bn in 1984 to L2886bn in 1985.

Bernard Simon examines the transformation of a Toronto mining company

Ugly duckling turns to gold swan

A WEALTHY Saudi Arabian family, a Gulf state's investment arm and a colourful Hungarian-born entrepreneur now living in Canada, are among the leading players in a fast-growing Toronto gold-mining company which has caught the imagination of the international investment community.

Analysts at securities firms such as James Capel of London, New York's Oppenheimer and Co, and Drexel Burnham Lambert have recently been enthusing over the transformation of American Barrick Resources in the past two years from a struggling oil and gas producer with an unprofitable gold operation into one of North America's ten biggest producers of the metal.

"The ugly duckling has become a beautiful swan," James Capel told clients last month. A near-doubling of Barrick's share price on the Toronto Stock Exchange since mid-1985 did not discourage Drexel Burnham from putting out a buy recommendation to clients earlier this month.

Barrick's revenues have grown from a paltry C$3.1m ($2.23m) in the whole of 1983 to C$20.2m in the first three months of this year. Its share of output from five mines in Ontario, Quebec, Nevada, Utah and Alaska is expected to reach at least 188,000 ounces this year at an average cost of $200 an ounce.

If the company goes ahead with plans to build a mine near Kirkland Lake, northern Ontario, annual output will rise by another 100,000 oz by the end of the decade.

Barrick's head office – an elegant town house in Toronto's most fashionable shopping and hotel district – gives a clue to its unusual background.

Its chairman, Mr Peter Munk, is a Hungarian emigre who stirred up controversy in Canada during the late 1960s through his association with a failed stereo and TV manufacturing venture in Nova Scotia. He then moved into the hotel business, developing a chain of 65 properties in Australia and the South Pacific with the help of Saudi Arabia's Khashoggi family.

Mr Munk, who is still deputy chairman of Southern Pacific Hotel Corp, failed, however, to persuade the late President Anwar Sadat of Egypt to allow him to build a resort in the shadow of the pyramids.

The Khashoggis have a substantial non-voting interest in Barrick as part of the 35 per cent controlled by Mr Munk. An unidentified Gulf government is also a shareholder in the company.

These tenuous links with gold-mining have been overcome with expertise acquired by Barrick when it bought Camflo Mines, a struggling Quebec gold producer, in mid-1984.

"We couldn't run a mine", Mr Munk says, "but we could help them with financial strategy."

One rugged Camflo man, Mr Bob Smith, is now Barrick's chief operating officer. Barrick has left the day-to-day management of three mines in the hands of more experienced equity partners, in two cases well known Canadian mining companies.

Ms Lucille Palermo, Drexel Burnham's gold analyst, says that she was initially sceptical of the quality of Barrick's management but after extensive discussions she said she felt "pretty comfortable with them. They have an excellent mining crew."

Like several other North American gold producers, Barrick has financed its expansion by raising substantial sums of money through unconventional debt instruments which are either denominated in physical gold or linked to the bullion price. These gold-dependent liabilities, with a face value of $90m, make up 90 per cent of its long-term commitments.

Barrick scored its greatest coup last July by buying an open-pit mine south-west of Salt Lake City from the US oil company Texaco. The Canadian company paid $31m in cash (plus $9m if the gold price rises above $385 an ounce) for a mine which cost $105m to build three years ago.

According to Capel's recent report: "The acquisition of the Mercur mine stands as the success story of the North American gold scene of the past five years." Vehicles and other equipment at the mine were still under manufacturers' warranty at the time Barrick bought it.

The mine, owned earlier by Getty Oil, was troubled by technical problems and low morale among workers. Since taking over, Barrick has raised mill throughput from 2,880 tons to 4,000 tons a day, boosted recovery rates and cut production costs by more than a third.

It has also added a heap-leaching operation in which sodium cyanide solution is percolated through large piles of ore to extract gold. Mr Smith expects the mine's 1986 costs to be below $188 an ounce.

With an expected output of 110-120,000 oz this year, Mercury will contribute almost two thirds of Barrick's production. The entrepreneurial Mr Munk aims to turn Barrick into North America's biggest gold producer. "We only have to do one of the deals we're on now to be there," he says.

One of his goals is to attract European institutional investors which have traditionally favoured South African mining houses rather than the small, single-mine North American companies.

Control Data plans $350m securities sale

BY OUR NEW YORK STAFF

CONTROL DATA, the struggling Minneapolis-based computer and computer products group which last September was forced to cancel a $300m securities offering at the last moment, has disclosed plans to return to the capital markets with a $350m securities package aimed at raising funds to pay back bank debt.

The successful sale of the notes and $100m of 25-year convertible debentures through First Boston would mark a milestone in Control Data's battle to pull back from the brink of financial disaster. The group's major problems arose from the collapse of its computer peripherals business in 1985.

Earlier this year its bankers gave the new management team until the end of this year to pay back $383m in debt – mainly through asset sales.

Control Data said it expected to receive $140m from the previously announced sale of its Ticketron computerised ticket service to an investment group led by Allen and Co. That deal, announced last month, is expected to be closed soon.

Control Data said the proceeds of its planned debt offerings, with the anticipated proceeds of a new trade receivables facility and the sale of the Ticketron unit, would be used "to repay bank debt currently the subject of restructuring negotiations."

The proceeds would also be used to repay "outstanding amounts under the company's existing trade receivables facility."

Swedish market surge boosts bank's profits

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SVENSKA Handelsbanken, Sweden's second-largest commercial bank, boosted group operating profits by 80 per cent in the first four months of the year to SKr 1.13bn ($157m), from SKr 633m in the same period a year ago.

The bank managed to contain the increase in costs to 7 per cent in the first four months, while interest earnings rose 24 per cent and other earnings 57 per cent.

The surge in the stock market helped to boost the bank's commission earnings, as did improved income from foreign exchange operations.

The earnings of the bank's subsidiaries rose 50 per cent.

The bank said that the deregulation of the credit market had "substantially changed" the conditions for the banking sector. "The new freedom has markedly invigorated the money and capital markets."

Svenska's earnings are in line with those of other Swedish banks, which have reported record earnings, helped in particular by falling interest rates. These have lowered funding costs and allowed the banks to make substantial capital gains on the sale of parts of their bond portfolios. Interest margins have also been improved.

Bank share prices have risen faster than any other sector on the Swedish stock market this year with a rise of almost 70 per cent by the end of May compared with an increase of 36 per cent in the general index.

Skandinaviska Enskilda Banken, the country's leading bank, increased its group operating profits by 62 per cent to SKr 1.29bn. PKbanken reported a jump in profits of 76 per cent, while Gotabanken, the country's fourth-largest bank, raised its operating earnings by 86 per cent.

The banks have lost some lending business to the mortgage institutions, but this has been compensated by business returning from the so-called grey market.

● Mr Hans Mikaelsson, Gotabanken managing director, has announced his resignation for "personal reasons." Since taking over in September 1983, he has transformed Gotabanken's fortunes, making it one of the country's most profitable banks in 1985.

Company Notices

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS

The following final dividends have been declared in South African currency, payable to members registered in the books of the companies concerned at the close of business on 27 June 1986:

Name of Company (All companies are incorporated in the Republic of South Africa)	Dividend No.	Amount per share (cents)
Deelkraal Gold Mining Company Limited (Registration No. 74/00100/06)	7	35
Doornfontein Gold Mining Company Limited (Registration No. 05/24705/06)	69	145
Driefontein Consolidated Limited (Registration No. 68/04880/06)	28	190
Kloof Gold Mining Company Limited (Registration No. 64/04462/06)	33	70
Libanon Gold Mining Company Limited (Registration No. 05/06381/06)	71	245
Venterspost Gold Mining Company Limited (Registration No. 05/05632/06)	92	110
Vlakfontein Gold Mining Company Limited (Registration No. 05/06155/06)	80	45

Warrants will be posted on or about 5 August 1986. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the companies.

Requests for payment of the dividends in South African currency by members on the United Kingdom registers must be received by the companies concerned on or before 27 June 1986 in accordance with the abovementioned conditions.

The registers of members of the above companies will be closed from 28 June 1986 to 4 July 1986, inclusive.

By order of the boards
per pro CONSOLIDATED GOLD FIELDS PLC
London Secretaries
Mrs G. M. A. Gledhill, Secretary

London Office:
31 Charles II Street
St James's Square
London SW1Y 4AG

United Kingdom Registrar:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

10 June 1986

Legal Notices

IN THE MATTER OF FAIRFREE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 3rd day of July, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their Solicitors (if any), to the undersigned David Swaden, FCA, of 48 Rodney Street, Liverpool L1 9AA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 3rd day of June, 1986.
D. SWADEN, Liquidator.

INTERNATIONAL COMPANIES and FINANCE

Domestic insurance curbs rise at NZI

By Our Financial Staff

NZI CORPORATION, the Auckland-based financial services group, boosted net profits 21.3 per cent to NZ$85.25m (US$47.72m) for the year to March. This was despite what it describes as a very disappointing result from its domestic insurance business.

This offset NZI's strong growth in the Australian insurance market and a "pleasing" improvement in Hong Kong. Its performance in the UK and Malaysia was not as good, and the group closed its Fiji operation.

The earnings were struck before extraordinary charges of NZ$2.89m, down from NZ$4.70m, partly reflecting closures. However, the results also excluded any contribution from Marac and Broadlands, two acquisitions in financial services made during the year.

General insurance made an overall contribution of NZ$49.37m to net operating earnings, up 14.7 per cent. Life business brought in an additional NZ$13.7m, a jump of 2½ times from the previous year. The other main contributor was banking services, where profits were up 30.1 per cent to NZ$18.87m.

Revenue totalled NZ$1.3bn compared with NZ$1.06bn. The dividends for the year will reach 9 cents per share, up from 8.5 cents and paid from capital expanded by a one-for-five scrip issue last August.

For the current year the board has confined itself to a forecast of steady progress and with a full contribution from NZI's recent acquisitions.

Judge severely criticises regulators for BHP ruling

BY LACHLAN DRUMMOND IN SYDNEY

THE NATIONAL Companies and Securities Commission (NCSC), Australia's corporate watchdog, has received a stinging attack from the courts for declaring that share purchases in Broken Hill Proprietary (BHP) by the Equiticorp Tasman group were unacceptable conduct.

In overturning the declaration, Mr Justice Marks in the Victoria Supreme Court asked for his criticisms of the commission as well as Mr Henry Bosch, its chairman, Mr Ray Schoer, its executive director, to be brought to the attention of federal and Victoria attorneys-general, which form part of the commission's governing body.

The judge said his comments about the NCSC were not matters requiring decisions but "may assist the commission in its future conduct."

He added: "If public confidence in the commission is to be maintained it is to be expected that at the very least it will not, except in exceptional circumstances, act contrary to its guidelines."

The judge said that in comments to the media Mr Bosch had not enhanced "public confidence in the sincerity of the commission's approach" while Mr Schoer "potentially trespassed on the function of the court." During the court hearing Mr Schoer had been "wantonly and openly careless" of the reputation of businessman Mr Richard Pratt, he said.

Mr Pratt owns about a third of Equiticorp Tasman and was the key element in the NCSC's declaration because of his business and social links with Mr John Elliott, executive chairman of Elders IXL.

Yesterday Mr Pratt called on Mr Bosch and Mr Schoer to resign, saying the ruling was a vindication of the propriety and conduct of those involved in Equiticorp and his Pratt Group and that he was considering legal action for the damage done to his group's reputation.

Mr Bosch said last night Mr Pratt's call for the resignations "is not worthy of comment," saying the commission was considering its position. "The way of appeal is still open to us."

The unacceptable conduct declaration was issued late on May 26, the night before Bell Resources' takeover bid for BHP expired and after Equiticorp had secured close to 5 per cent of BHP shares. The declaration, if maintained, would have allowed the commission or any aggrieved party such as Bell to seek court orders demanding that the shares should be vested in the commission.

Western Mining to lift Alcoa unit stake

By Our Financial Staff

WESTERN MINING, Australia's biggest producer of nickel and gold, is to increase its holding in Alcoa of Australia, the local offshoot of the world's largest aluminium group, by buying a 12 per cent stake held by North Broken Hill Holdings.

The Melbourne-based company is to fund the purchase through an A$110.7m (US$ 77.3m) share placing. The 36.3m new shares will represent some 9.1 per cent of expanded capital. Their price of A$3.05 each shows a discount of 4.7 per cent to the closing market level in Sydney yesterday of A$3.20, unchanged on the session.

The deal will bring Western Mining's stake in Alcoa of Australia to 42.5 per cent. The parent Alcoa retains 51 per cent control, leaving a small residue mainly in Australian institutional hands.

North Broken Hill, another long-established mining and investment company, came under siege earlier this year from Mr Ron Brierley's Industrial Equity. He was fought off after a protracted legal wrangle, but North began at the same time to seek the disposal of holdings in which it had only a minority interest.

Western Mining is planning to develop its uranium interests in the form of the projected Olympic Dam mine at Roxby Downs in South Australia where it has British Petroleum as its partner.

Alcoa of Australia, which represents the full extent of Western Mining's aluminium exposure, has been a beneficiary over the past year from the weakening Australian dollar. This has enhanced the value of US sales, offsetting lower prices.

The new Western Mining shares will be underwritten by stockbrokers Baillieu and Potter Partners.

Japan must 'liberalise banking'

BY JOHN WICKS IN BERNE

FURTHER EXPANSION of Japanese financial operations abroad may depend on foreign banks being "accorded more freedom and greater *de facto* equality" in Japan, Mr Shijuro Ogata, deputy governor for international relations of Bank of Japan, said yesterday.

Addressing the Association of Foreign Banks in Berne, Switzerland, Mr Ogata said that Japanese success abroad had been due very largely to the "opening of overseas markets and the tolerance of those concerned."

"It is already time for us to reciprocate, though rather belatedly, by opening, liberalising and internationalising our financial markets," he added.

Listing the changes which would affect foreign banks in Japan, Mr Ogata said that after lifting controls on interest rates on deposits above Y100m next spring, a similar move would be made in respect of smaller deposits. However, no date could yet be set for this step because of what he called complicated problems between banks and such other financial institutions as the post office savings system.

The second stage might be a change in the segmentation between banks and securities houses and between ordinary and specialised banks. Mr Ogata stressed that reforms were hindered by the "delicate political situation and the strong pressure from sectoral interests."

It could also be argued that banks and securities houses must have different core functions, "although the improvement in settlement devices and financial innovations might eventually undermine such conventional arguments."

Dr Ernst F. Schaad, chairman of the association, said foreign banks in Switzerland had "again booked a marked improvement in earnings" last year and expected good results again in 1986.

The lion's share of 1985 profits had come from *commissions* resulting from securities trading, fiduciary and commercial business, portfolio management and capital-market underwriting. Earnings from foreign-exchange and precious-metals trading had developed more favourably after tending downwards in previous years.

The general move away from credit operations had led to a fall in interest income last year.

Portfolio reshaping boosts Hill Samuel SA earnings

BY JIM JONES IN JOHANNESBURG

Hill Samuel South Africa, the 86 per cent-owned subsidiary of Hill Samuel Group of the UK, doubled its disclosed profits in the year to March, largely because of a restructuring of the bank's loan portfolio.

Pre-tax earnings increased to R2.03m ($790,000) from R1.03m and net profits attributable to ordinary shareholders rose to R1.41m from R662,000.

The directors say that the loan book was reduced as planned and that it now complies with South African reserve bank and Bank of England risk asset constraints. The level of non-performing loans was reduced and many again became income producing.

A rise in flotations and rights issues on the Johannesburg stock exchange lifted the profits of the corporate finance division, while the treasury division is reported to have had a good year as a result of profitable foreign currency dealing.

Disclosed earnings increased to 50.1 cents a share from 7.1 cents and the final dividend is 12.5 cents. An interim dividend was not paid, nor was there a final dividend in the preceding year. An interim dividend of 12.5 cents was, however, declared in 1984-85.

Sanyo Electric and affiliate detail merger

SANYO ELECTRIC and Tokyo Sanyo, its 19.9 per cent affiliate, yesterday signed a contract for their merger which becomes effective on December 1, Kyodo reports from Tokyo.

The merger will take the form of Sanyo Electric absorbing Tokyo Sanyo, which will increase its capital by 30 per cent and allocate new shares free to shareholders who were registered by the end of May.

In addition, Sanyo Electric will pay Y4 per share to the shareholders of Tokyo Sanyo instead of dividends at the end of the latter company's current business year on November 30.

Tokyo Sanyo and Sanyo Electric will call extraordinary meetings on August 27 and 29

INTL. COMPANIES & FINANCE

Nesbitt to raise C$80m for expansion

By Bernard Simon in Toronto

NESBITT Thomson, one of the most profitable Toronto investment dealers, plans to raise about C$80m (US$57.5m) through a public offering to give it the resources to compete more aggressively for international underwriting business.

Mr Brian Steck, president, said the firm is also planning acquisitions in the financial services sector. Nesbitt gained a foothold in the US last year by buying Fahnestock & Company, a small New York investment bank and stockbroker.

The extra infusion of capital will make Nesbitt Canada's third largest securities firm with capital of about C$140m.

Six other Canadian firms have taken advantage of the strong stock market and buoyant business conditions to go public in recent months.

Cofide plans fund raising exercise

BY ALAN FRIEDMAN IN MILAN

COFIDE, the ultimate holding company of Mr Carlo De Benedetti, is to tap the Milan bourse for L380bn ($234m). The fund-raising exercise, which is to be followed by a convertible equity-linked bond issue for a so far unspecified amount, comes just a few weeks after Mr De Benedetti's other major holding vehicle, CIR – itself controlled by Cofide – announced a $358m share issue.

Part of the Cofide proceeds are to be used to subscribe for part of the CIR issue, part to pay for the recent acquisition of Latina, a small Italian insurer and part for acquisitions. These will be aimed at realising Mr De Benedetti's dream of developing an Italian-based financial services company in Europe.

Cofide, through CIR, controls a 15.7 per cent stake in Olivetti (soon to rise to 20 per cent), the Buitoni foods group, the Davigel frozen fish distributor in France, and a 20 per cent stake in Valeo, the French car components group, as well as interests in Italian publishing and manufacturing.

Cofide's principal shareholders include Mr De Benedetti (51 per cent), Indosuez Group (7 per cent), Shearson Lehman Brothers American Express (4.3 per cent), S. G. Warburg and its Swiss subsidiary Soditic (1 per cent), plus Lombard Odier, the Swiss private bank, and Dreyfus Corporation.

PHB Weserhütte

PHB Weserhütte says that while its parent company may go in the red this year it confidently expects that domestic group operations will show a profit.

East Asiatic buys US food operation

By Hilary Barnes in Copenhagen

EAST ASIATIC, the Danish international trading and industrial group, has bought the American DAK Foods Inc, a subsidiary of the British Prestige Foods Corporation.

DAK Foods, which until 1979 was in Danish ownership, has three meat-processing plants and a substantial sales organisation in the US and a turnover last year of about $120m. East Asiatic is paying Prestige $17m for the business.

East Asiatic, through its Plumrose division, already has a meat-processing and marketing operation in the US with a turnover last year of about $100m.

This is the first acquisition made by East Asiatic after three years during which it has fought back to profitability after sustaining heavy losses.

Legal Notice

B. & D. SPRAYLINE SPECIALISTS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 30 Eastbourne Terrace (2nd Floor), London W2 6LF, on Thursday the 19th day of June, 1986, at 12.00 o'clock midday, for the purposes provided for in Sections 589 and 590.

Dated the 3rd day of June, 1986.

G. HABER,
Director.

Money centre banks challenge rules on commercial paper business

BY WILLIAM HALL IN NEW YORK

SOME TIME over the next few weeks a US Federal appeals court in Washington is expected to hand down a decision which could have far reaching consequences for US commercial banks in their long-running battle to become more heavily involved in the investment banking business.

The case in question is the seven-year old dispute between the Securities Industry Association (SIA), which jealously guards the interests of its investment banking members, and Bankers Trust, a leading money centre bank, over whether a commercial bank is allowed to distribute commercial paper CCP, an increasingly important source of short-term funds for US corporations.

The big attraction of commercial paper, which is sold in the form of unsecured promissory notes, is its cheapness. In April, for example, the average rate for three-month CP was 6.60 per cent, which was 223 basis points below commercial bank prime lending rates. For companies such as General Motors and Sears Roebuck, which place their paper directly, rather than through dealers, the cost of finance is even lower.

There was less than $50bn of commercial paper outstanding in the US 10 years ago. Today, the figure is close to $300bn. It has been increasing almost twice as fast as the banks' traditional corporate lending over the last decade, with the result that the banks' share of the short-term credit market has been dropping at an alarming rate. Twenty years ago, US banks provided more than 87 per cent of the credit to non-financial domestic corporations. Today, the figure is under 70 per cent and falling.

Faced with this rapid erosion of their traditional lending business, US commercial banks led by Bankers Trust, have been trying to move into the commercial paper market, where a handful of investment banks control over four-fifths of the business.

Bankers Trust has been the most persistent of the money centre banks. It distributes paper for close to 70 customers, including Coca-Cola, ITT and Unilever. Even so, it only has about 2.5 per cent of the market. If the investment banking community had its way, Bankers Trust would be blackballed from the commercial paper business altogether.

The SIA has been doggedly pursuing Bankers Trust since 1979, claiming that the sale of commercial paper was prohibited by certain provisions of the Banking Act of 1933. Commonly referred to as the Glass-Steagall Act, this reflected a widely-held view that the depth of the financial crisis of the 1930s was attributable in large measure to the extensive participation of commercial banks in speculative investment banking activities. In order to *restore confidence in the* banks, Congress barred commercial banks from doing investment banking business.

The case is proving to be a *cause celebre* in the battle between US commercial and investment banks, and has implications which go well beyond the commercial paper market. *The case has already wound its* way up to the Supreme Court once and looks as though it will eventually end up there again. The Supreme Court ruled in June 1984 that commercial paper was a security but did not rule on whether Bankers Trust could bring buyers and sellers of commercial paper together without violating Glass-Steagall.

Instead, the court sent the case back down to the District Court, which in turn asked the Federal Reserve to determine whether Bankers Trust was underwriting securities in violation of the Glass-Steagall Act. Last June the Federal Reserve decided that Bankers Trust was not underwriting securities by finding buyers for commercial paper because its placement activities did not involve "public offerings" under Federal securities law.

However, the District Court has challenged the Federal Reserve's decision arguing that the Fed asked "the wrong question" when it determined that Bankers Trust's commercial paper business did not violate Glass-Steagall. In February, the District Court in Washington ruled that Bankers Trust's private placement of commercial paper did violate Glass-Steagall.

Bankers Trust is continuing to operate in the commercial paper market pending an appeal, the outcome of which is expected shortly. The case is being watched with considerable anxiety by the rest of the commercial banking community.

The bank argues that commercial paper placement lies at the heart of commercial banking today, but unlike firms like Goldman Sachs, which act as principals in the commercial paper market, it is acting solely as an agent. "Only by following its high-quality borrowers that now raise their working capital in the commercial paper market can the bank continue to function as a provider of short-term credit for its historical customers," argue Bankers Trust's lawyers.

"If Bankers Trust is forced to abandon its prime-rated customers in satisfying their short-term commercial borrowing needs, the risks to the commercial banking business, including the risks to the banks and their depositors, will increase, not decrease, as banks are left to deal with less creditworthy customers. That cannot be the purpose of the Glass-Steagall act."

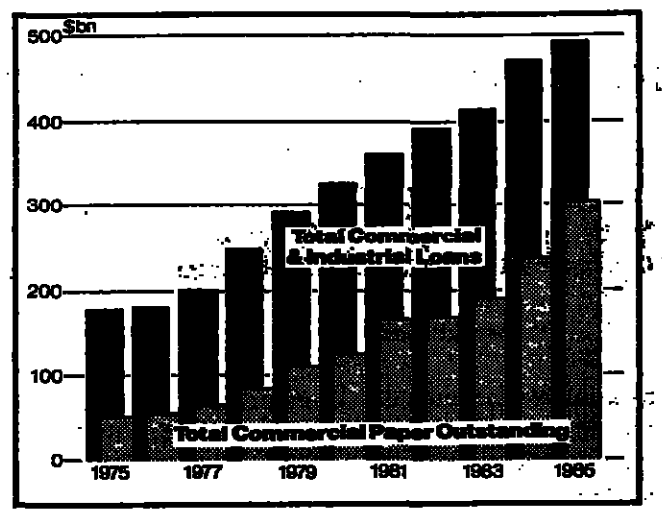
It is an argument that has struck a sympathetic cord with US bank regulators, who are nervously aware that the flight of high-quality borrowers from the banks is occurring against a backdrop of record loan losses. Equally worrying for the banks are the wider implications of an adverse ruling by the Federal Appeals Court on the Bankers Trust appeal. If the lower court ruling is upheld banking experts believe that it could jeopardise other types of private placement activities conducted by US commercial banks.

Mr James Weidner, of Rogers & Wells, the New York law firm which represents the SIA, says that "if the rationale of the District Court is affirmed in the Appeals Court decision, it could prohibit banks from dealing in other securities such as industrial development bonds and could well prevent the private placement of any number of securities."

Mr Dick Breedon, a lawyer who headed vice-president Bush's task force on reforming the US financial system, says that if the lower court ruling is upheld it will be "a very serious problem" which could present a "long-run threat to the health of the banking industry." He says that there is the potential for "a tremendous flight of our commercial paper business and private placement of securities, which under the language of this opinion are indistinguishable from commercial paper, out of the US and into foreign markets."

While there is considerable argument about the potential impact of an adverse ruling in the Bankers Trust case, probably the most important long-term result will be to signal once and for all whether the Glass-Steagall act remains relevant in today's banking environment. Much of the deregulation of US banking so far has come through favourable official interpretations of legislation.

"If the court finds against Bankers Trust, it will be saying that any further deregulation would be something Congress would have to do," says Mr Weidner. "Most bankers still expect that the barriers to their entry into investment banking will be relaxed, but it is looking increasingly likely that they are going to have to rely on Congress rather than on the sympathetic interpretations of the US courts."



IMF stops standby loan payments to Morocco

By Francis Ghiles

THE International Monetary Fund (IMF) has frozen any further disbursements from an SDR 200m ($172m) standby loan it granted to the Kingdom of Morocco last September because of disagreements about economic targets. Only SDR 10m has been disbursed to date and a fresh round of negotiations is expected to start before the end of June.

With a foreign debt of nearly $14bn and gross refinancing needs of $2.4bn this year, Morocco can ill afford to let its relations with the IMF deteriorate. The present difficulties could also delay the rescheduling of Morocco's bank debt for 1985-1986, which was due to be discussed in London early next month.

Last year Morocco succeeded in cutting its budget deficit from 8.1 to 6.1 per cent of gross domestic product but reduced the state sector's debts to Moroccan private sector companies by only one-third to Dirhams 6bn. Domestic credit grew by 17 per cent compared with the 10.1 per cent target, though the Moroccan central bank argues that a 26 per cent increase in term deposits partly offset the inflationary effects of this.

The current account deficit was cut from 11.1 per cent to 7.7 per cent of GDP, not very short of the agreed target, while state company prices increased by only 5 to 10 per cent, well short of the planned 12 to 25 per cent.

Value added tax was introduced in April while interest rates, last year, provided depositors with their first real return on money left with the bank for 20 years.

While relations between Morocco and the World Bank have been fair to date, the same has not been the case with the International Monetary Fund, which feels that the Kingdom should be making greater efforts to tighten its belt. Morocco has missed a number of targets it has agreed with the IMF over the past five years and there is a widespread perception among bankers and other creditors of Morocco that senior Moroccans take too much for granted.

Nervous fixed-rate sector finds Denmark issue tight

BY CLARE PEARSON

GOLDMAN SACHS International launched a $300m fixed-rate bond for Denmark yesterday as the market traded nervously after an overnight sell-off in New York.

With the market deteriorating, the 8¼ per cent five-year bond met a weak ersponse from investors. The lead-manager quoted a bid price of 98¼, compared with an issue price of 100¼. This was outside the level of its 2 per cent commissions.

Dealers said that the bond's net spread of 55 basis points over five-year US Treasury bonds at issue was tight since there is an outstanding seven-year bond for Denmark yielding at least 10 basis points more.

Meanwhile the $150m deal for Marks and Spencer, launched into an improving market on Monday, traded down to a discount to issue price of about 3¼ per cent.

With the fixed-rate market on the retreat again, issuing houses continued to prefer to issue new floating-rate notes (FRNs). This *market too was looking nervous* yesterday, however, as retail investors shunned the US bank issues, which lost up to 20 basis points in pdice in secondary trading.

In dollars, Morgan Guaranty brought a new perpetual issue for Hongkong and Shanghai Banking Corporation. Hongkong Bank itself and Lloyds International were co-leads.

The $400m par-priced bond pays ⅛ points over the mean of three-month London interbank bids and offered rates. A minimum coupon of 5 per cent was set. The bond is non-callable for five years, and then at par. Morgan Guaranty quoted a bid price of 99.70, within fees of 35 basis points.

Since floating-rate note issues in Continental currencies are relatively more rare than in dollars they seem to meet a more buoyant response from investors. Banque Paribas took advantage of this by launching the third Ecu FRN, a $200m financing for Caisse Centrale de Co-operation Economique (CCCE). The borrower provides long-term finance for French industry.

The 20-year bond pays ⅛ per cent over three-month London interbank offered rate and is priced at par. It has warrants attached which are exercisable into a 7¼ per cent 20-year Ecu bond at Ecu 11 each. This may be exercised from August this year for one year either by tendering the host FRN or by a cash payment.

The FRN itself is callable at par at any interest payment date. During the first year, though, it is callable in the same proportion as the warrants are exercised, keeping the outstanding debt at Ecu 200m. The fixed-rate bond is callable at 104 in 1988, and then at declining premiums.

Banque Paribas said the structure was devised both to match the maturity of CCCE's loan portfolio, and to meet the market's caution over buying long-term Ecu paper. The bond traded within its 20 basis point commissions.

Salomon Brothers launched a rare issue of warrants into an outstanding Eurobond. The 100,000 warrants are priced at $25 each exercisable in a 10 per cent issue for Canada which matures in 1995.

In the D-Mark market prices moved down by about ¼ point in light turnover.

In the Swiss franc sector prices also moved down slightly in light turnover. There was one new issue: a SFr150m five-year equity warrants bond for Denki Kagaku Kogyo, the Japanese chemical company. The issue was priced at par and the indicated coupon was 1¾ per cent. The bond will be priced on June 16.

In the French franc sector, Credit Commercial de France launched a FFr600m bond for Air France, delayed last week because of the weak state of the market. Despite continuing market weakness, Air France's adjustable-rate bond was well-received.

The host 10-year bond, priced at 101, pays interest at 10 basis points over the annualised yield on medium-term state paper. This gave an initial coupon of 8.53 per cent. The bond is callable from 1987 at par. It is convertible into a fixed-rate 7¾ per cent 10-year bond which is callable from 1993 at 101, *and then at declining premiums.*

In Dutch guilders, Algemene Bank Nederland launched a Fl200m 10-year 6½ per cent bond for the Republic of Ireland.

DM 300m Midland floater

MIDLAND BANK is raising DM 300m through a 12-year floating rate note (FRN). The issue, which ranks as subordinated debt, will enhance the capital backing for Midland's D-Mark Treasury and lending operations.

The issue is the first bank FRN in the D-Mark market this year and met an enthusiastic response from investors when launched yesterday. It traded well above its par issue price at 100.12 on the bid side.

This was despite lacklustre trading in the D-Mark Eurobond market as a whole. West German bankers said that part of the bond's attraction is that, unlike most outstanding D-Mark bank FRNs, it has no interest rate cap. A number of capped FRNs for banks were launched in the D-Mark market last year which proved unpopular with investors. Midland's is also the only FRN in the June new issues calendar.

The bond pays ⅛ point over three-month London interbank offered rate, and is callable from June 1991 at par. Trinkaus and Burkhardt, Midland's 70 per cent owned subsidiary, launched the deal—its debut as a lead manager in the Euromarkets. Samuel Montagu and Deutsche Bank were co-lead managers.

Midland said that part of the proceeds will be used to replace the bank's outstanding DM 180m 8¼ per cent bond. This matures in 1998, but is callable this October.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on June 10

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Global share offer from US clothier

By Alexander Nicoll

BERNARD CHAUS, a New York-based clothing company, is making a share offering of which a quarter is to be distributed in Europe.

Mr and Mrs Bernard and Josephine Chaus, the chairman and president respectively, are selling one-third of the company to the public, and the intention is to list the shares on the New York Stock Exchange.

The global share offering, of which 4.5m shares are being sold in the US and 1.5m in Europe, is being led by Merrill Lynch and Bear Stearns. The price is expected to be between $14 and $17 per share, and will be set around the end of June.

The company designs and markets business and leisure wear for women, and had sales of over $200m and pre-tax profits of $29m in the nine months to the end of March.

Sumitomo Bank wins MoF ruling

By Yoko Shibata in Tokyo

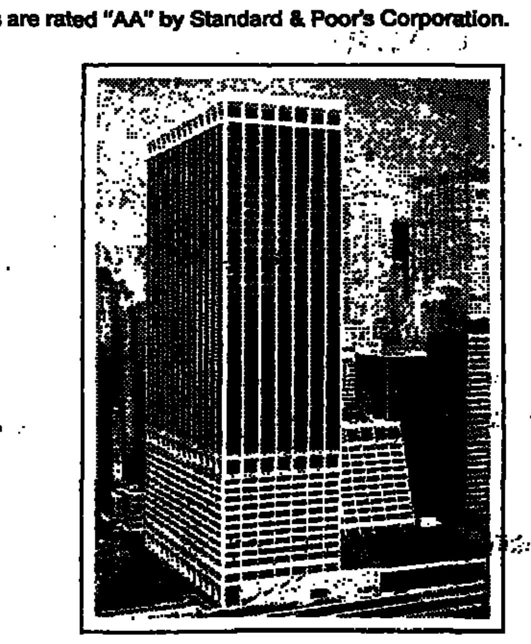
THE JAPANESE Ministry of Finance has agreed to allow Sumitomo Finance (Asia), a Sumitomo bank subsidiary based in the Cayman Islands, to engage in securities business overseas.

Approval in effect means a retraction of a 1974 ruling drawn up by MoF's banking, securities and international finance bureau which prevents a bank's wholly-owned subsidiary from undertaking securities business if the same bank maintains a banking branch at a location where the subsidiary operates.

Sumitomo Finance (Asia), which mainly operates in Hong Kong, was forced to withdraw from the securities business because of this ruling, which was initially designed to help securities houses establish their overseas subsidiaries.

These operations are now viewed as competitive enough internationally, and the MoF has thus decided to drop the restriction in order to promote financial deregulation and internationalisation.

The decision also indicates that it may soon modify another agreement among the three-bureaux made in 1975 which prohibits bank subsidiaries overseas from lead-managing foreign bonds issued by Japanese companies,



Signs of return to growth boost Metal Box shares

SHARES IN Metal Box, the packaging and central heating group, rose sharply yesterday—up 51p to 805p—on better-than-expected figures for the year to March 31 1986 and indications that the group's long period of rationalisation is over.

Taxable profits came to *£65.8m, down on the comparable* £68.1m but rather ahead of analysts estimates. A profit downturn had been expected after the interim fall, when there was also a warning of tough times ahead for the group.

Dr N. B. Smith, the chairman, said yesterday that the company had emerged from a long period of consolidation in a strong financial position with an organisation designed to develop future growth. "Efforts are now directed to strengthening and expanding the group's established core businesses," he added. The benefits of expansion would show through in the current year.

From group turnover of £1.11bn, down from £1.13bn, trading profits in 1985-86 were mostly static or falling, especially *in the key UK packaging* operations. Food and beverage packaging produced trading profits of £29.1m (£29.8m) on turnover of £348.3m (£352.3m), while general packing was down £0.7m at £9.7m on sales at £198.6m (£208.5m). Engineering saw profits of £5.5m (£4.9m) on turnover of £70.4m (£58.2m).

The only significant increase in trading profit came from the US, which improved from £11.6m to £13.4m.

Elsewhere overseas, profits fell from £13.1m to £3.7m on sales down from £214.1m to £172.2m. The chairman said that the performance in Italy was very disappointing, with a deterioration from the previous year of £9m in trading profit, mainly due to the adverse effect of the reduction of EEC subsidies to the tomato canners and fierce competition in the beverage market.

After a tax charge of £14.5m, earnings per share came out ahead at 70.5p (68.9p), and the company is to lift the dividend for the year from 17.25p to 19p with a final of 12.9p against 11.15p. The directors are also proposing a sub-division of the £1 share into 25p units.

See Lex

Geevor dives into the red

Geevor Tin Mines dived into the red in the year 1985-86. For the period to March 31 the company incurred a loss before tax of £1.11m, compared with a £1.04m profit previously.

Stated deficit per 25p share came to 27.6p (25.8p) earnings and there is no dividend, against a total of 12p before.

Production in the year increased from 998 tonnes to 1,009 tonnes of tin metal in concentrates.

The company's production has normally been sold under contracts where pricing is based on London Metal Exchange contracts ruling at the time of delivery. But with the suspension of tin trading last October, much of this metal remained unpriced until terms were eventually agreed by negotiation after the year end.

In the second six months the average tin price received before returning charges was £3,365 per tonne, against £9,342 in the first half.

As a result, the company fell sharply into the red, following first-half profits of £268,000 (£324,00).

Operations at the mine were suspended at the beginning of April.

An extraordinary charge of £913,000 includes provision for redundancy payments together with a further provision to reduce the value of consumable stores to estimated realisable value in accordance with Geevor's accounting principles.

After the year end, a payment of £1.51m was received in respect of forward sales contracts due to mature in the year 1986-87. The company has reserved its position regarding the adequacy of this payment.

Costain raising £62m for expansion

By Alice Rawsthorn

Costain, the industrial holding group, is asking investors for £62.4m in a one-for-five rights issue. The proceeds of the issue will be used to expand the company's interests in mining, house building and property.

Since the early 1980s Costain has diversified away from its base in civil engineering, into the more capital intensive areas of metal and mineral mining, housebuilding and property development. In the 1985 financial year these new activities provided 75 per cent of the company's £60.6m pre-tax profits.

"The businesses that we have developed in the last few years are much more capital intensive than our original civil engineering business," said Mr Terrell Wyall, Costain's chairman. "Increasingly we need more money for working capital and although gearing was relatively modest at the end of the last financial year, we are concerned that it should remain at a manageable level at the end of this year and next year."

In the issue Costain will release 13.9m new ordinary shares at 465p a share. The company's share price fell by 26p to 540p yesterday on the announcement of the issue. The merchant bank, Morgan Grenfell, has underwritten the issue. The brokers are De Zoete & Bevan.

Part of the proceeds of the issue will be used to expand Costain's US and Australian mining operations: to finance the proposed acquisition of the US mining company, *Nicro*; to diversify into new areas of coal mining; and to increase capacity at its Louisiana mine.

The issue will also be used to expand housebuilding activities in the UK, where Costain plans to build 2000 units this year. The company is also keen to diversify into US housebuilding, although it has yet to decide whether to do so by acquisition or a start-up.

Within property Costain proposes to increase its retail and office developments in the South East of England and to complete a waterfront development, with a Japanese partner, in Melbourne, Australia.

The civil engineering division will also require further capital investment in the next few years for future projects such as the Channel Tunnel and Canary Wharf.

Although Costain is reluctant to disclose profit projections for the current financial year, the consensus in the City is that the company should increase pre-tax profits by 10 per cent to around £67m.

Task Force to join USM

By Richard Tomkins

Task Force Group, a computer personnel agency, is joining the Unlisted Securities Market at a value of £5.2m through a placing of 1.3m shares at 95p a share by brokers Panmure Gordon.

The company operates in the highly fragmented market of supplying systems analysts, programmers and other computer personnel on a contract basis to businesses and government departments.

It becomes the second computer personnel agency to join the USM, alongside JSD Computer.

Profits have risen from £7,000 to £339,000 in the last five years and the company is forecasting at least £600,000 for the year to this November, putting the shares on a prospective price/earnings multiple of 14.

The placing will raise £975,000 for existing shareholders and £47,500 net for the company.

Wedgwood profit surges to £19.5m

ON THE day that its fight to stay independent was referred to the Monopolies and Mergers Commission, Wedgwood has announced a 29 per cent increase in pre-tax profit and a 38 per cent lift in dividend in respect of the year ended March 29 1986.

At the end of April the London International Group made a share exchange offer for Wedgwood. At yesterday's closing prices this was worth 312p per Wedgwood share, against 325p in the market. At one time Wedgwood had fallen to 300p.

On the news of the referral, Sir Arthur Bryan, Wedgwood's chairman, said the company has always been confident that the offer would not exceed since it was not in the interests of shareholders, workforce or customers. He will be sending a letter to shareholders on June 13 with the annual report.

He adds that the group has made an excellent start to the current year and order books remain strong.

The strengthening of sterling means the improvement in sales is not fully reflected in the accounts. But this time there is a £1m gain from actuarial valuations of the group pension funds, and Wedgwood is expecting a similar figure in the current year.

Group sales in the home market rose 13 per cent and overseas 7 per cent. But because of the strength of sterling accounts show that sales have only risen some 4 per cent, from £146.44m to £152.12m.

Sir Arthur says an outstandingly successful performance has substantially increased the group's share of the home market, and for the second year running, record sales were produced by the marketing subsidiaries in Australia, Canada and Japan.

The US has retained its strong position in what is still by far the group's most important and most competitive export market. Holland has enjoyed a record year, and Italy and France have progressed strongly.

Operating profit came to £20.44m (£16.29m) and related companies contributed £219,000 (£584,000). Funding costs were £1.17m (£1.78m) to leave the pre-tax balance at £19.49m (£15.11m).

Earnings are 30.6p (21.2p) and the final dividend is 7p on capital increased by last year's one-for-five rights issue, for a net total of 10p (7.25p). There are extraordinary debits of £1.16m which include the costs associated with the closure of the earthenware factory in Croydon, Australia.

The actuarial valuations of the UK and US pensions funds were finalised. The UK valuation revealed a surplus and £340,000 of this was available as reduced contributions for the last quarter of the year. In the US, a one-off refund of £686,000 has been credited to operating profit.

Sir Arthur says the capital expenditure programme is well advanced with the Midwinter factory in Burslem already producing fine bone china as well as its own earthenware range. The hotelware expansion at Longton is coming into production, and the fine earthenware factory at Tunstall is being refurbished.

Exxon makes debut in London

BY MAX WILKINSON

Exxon, the world's largest oil company with sales of $31.7bn last year, was traded on the London Stock Exchange for the first time yesterday.

Although Esso, Exxon's UK subsidiary is the eighth largest company in Britain in terms of sales, Exxon has never before sought a London listing.

Yesterday in London, Mr Clifford Garvin, Exxon's chairman, said the decision to seek a listing had been made some time ago. One reason was the growing internationalisation of money markets and the changes now taking place in British financial institutions.

Mr Garvin said that in spite of the 26 per cent cutback in Exxon's exploration budget this year, the company would continue to explore for oil where there were good prospects.

In the last 25 years, he said, the world's oil industry had made disappointingly few major oil finds, even in places where geologists said discoveries were possible.

As a result it seemed likely that the world would quite soon become dependent again on the large reserves of oil in the Middle East, and in 10 years time dependence on these reserves could be increasing at a rapid rate.

This meant that unless the rate of discovery of oil improved significantly, prices would rise until the liquefaction of coal and extraction of oil from shale became practicable. This would offer a lot of opportunities to oil companies.

The world was likely to become more dependent on electricity, but he said: "I have no doubt that man will find enough energy, but he is going to find it at a higher cost."

In the shorter term Mr Garvin said: "There appears to be little in the fundamentals of oil supply and demand to give hope for a quick sustained recovery *(in oil prices)*."

At a time of plentiful supplies of crude oil, he believed downstream operations of oil companies would be under pressure, because there would always be a temptation by refiners to try to sell a little bit more. The downstream operations would therefore have to work hard until the oil market became tighter.

The fundamental driving force for downstream profits was not refinery capacities but the availability of oil, he said.

Thos. Locker profit down to £2m

As foreshadowed, second-half profits of Thomas Locker (Holdings) exceeded those of the first six months. But year end pretax figures of this engineering group came out £0.5m lower at £2m, on maintained turnover of £29.3m.

Earnings per 5p share for the 12 months ended March 31 1986 dropped from 3.18p to 2.93p. The dividend however, is maintained at 1.295p net with a final of 0.92p (same).

Attributable profits showed an increase from £0.83m to £1.17m. This was after UK tax of £451,000 (£548,000), overseas tax £438,000 (£503,000), a deferred tax credit of £164,000 (£91,000 debit) and minorities of £107,000 (£88,000).

Last year, there was also an extraordinary charge of £442,000 being the net costs of restructuring the group's activities, principally in perforating.

At the interim stage, pre-tax profits were down from £1.05m to £934,000.

USM place for Campbell Armstrong

Campbell & Armstrong, the national shopfitter, is being floated on the USM through a placing of 1.82m ordinary shares at 110p a share. The issue price puts a £7.3m value on the group, of which the non-executive chairman is Professor Roland Smith.

The Lancashire-based group consists of two companies, Campbells, which provides a comprehensive store design and shopfitting service, and Zurrer Darwen, which manufactures wire shelves and display equipment.

In recent years, following the successful examples of Next and [illegible] Habitat, retailers have paid increasing attention to store design. At present, Campbell's main customers include Littlewoods, IBM, Lewis's (part of the Sears group) and Victoria Wine.

Profits in the year ending March 30 1986, were £720,000 pre-tax on a turnover of £6.2m, following a £234,000 profit in 1985. The company forecasts a pre-tax profit for the half-year ending September of not less than £600,000 and expects to pay dividends of 1.3p (interim) and 1.95p final.

On a weighted average of 8.2m shares in issue and a tax charge of 35 per cent, earnings per share would be [illegible] rating reflects the frosty reception given to recent USM new issues.

The company has recently added 20,000 square feet to its Levenshulme plant and Mr Brian Mackerness, the managing director, plans to expand the range of customers and to move into systems fitting. The latter may necessitate a small acquisition.

Just under 700,000 of the shares are being placed by the group and over 1.1m by Broom Holdings, the private industrial company—its stake in Campbell and Armstrong will be accordingly reduced from 87.5 per cent to 61.5 per cent. Sponsors to the issue are Brown, Shipley and the brokers are Laurence, Prust.

Henderson Prime seeks USM quote

Henderson Prime Residential Property Offshore Fund has become the first company of its kind to seek a quotation on the Unlisted Securities Market.

A listing will enable many financial institutions to invest in a residential property fund for the first time, particularly where investment is restricted to quoted stocks. The Guernsey-based Fund is currently valued at £8.9m with investments in 18 prime properties, both houses and flats, in high-value areas of London.

Osborne & Little jumps 63% to £1.2m

Osborne & Little, which designs and sells wallpapers and furnishing fabrics, lifted pre-tax profits by 63 per cent from £763,000 to £1.24m for the year ended March 31 1986. Turnover of this USM company rose 48 per cent to £6.33m, against £4.27m.

With stated earnings per 5p share ahead from 6.55p to 10.94p, the company is recommending a final dividend of 2p making a 3p total. This represents a 50 per cent increase over the 2p total for the 1984-85 year that, as mentioned in the prospectus, would have been paid had the shares been publicly held throughout that year.

Mr Peter Caborne, the chairman, says that during the current year, the company expects to see a broadening of its business base, both in terms of markets and products. This is expected to allow it to maintain a healthy rate of profit growth for a number of years to come.

Tamesa Fabrics, acquired in October, has now been fully integrated into the group. Tamesa's showroom has been sold and substantial savings in overheads have been achieved. A substantial increase in sales is expected in the current year.

Exports continue to play a crucial role in the company's expansion, increasing by 45 per cent to £1.66m and representing 26 per cent of total turnover.

Notable increases in turnover were achieved in Europe and Australasia. Sales to the US were down, because the company has been holding back since January 1985, the distribution of new collections, pending the start of its operation there.

● **comment**

Osborne & Little has already established a hold over the Sloane Ranger market and the New York showroom, opened last week, is building on this by appealing to America's Yuppies. O & L has held back showing collections in the US in preparation for this launch—hence the slowing of sales growth in America. However, with half the start-up costs of the new showroom already taken against profits, a good contribution from New York should be expected this year. The "home collection" has been launched as a long-term venture from which this year the group cannot expect a sizeable contribution. The company's ability to ride fashion changes has already been tested over its 19-year history and for this year forecasts are of £1.75m pre-tax. This has the shares at 220p on a prospective multiple of 13½, which is markedly lower than the rather fancy p/e of 20 where the company came to the USM in February 1985—possibly reflecting an overreaction by the market in downrating what was sold as a glamour stock.

UK COMPANY NEWS

Rapid response to Blackwood offer

BY LIONEL BARBER

BM Group, the construction industry supplier, last night said it would raise its offer for Benford Concrete Machinery after Blackwood Hodge, the earth-moving and mining equipment supplier, appeared as a late white knight for Benford.

BM, controlled by C. H. Beazer, the acquisitive house-builder, said it would make a shares and cash alternative bid worth £20.4m, topping an earlier cash offer by Blackwood worth £19m. Blackwood also made a slightly higher share offer.

BM further strengthened its position by buying Benford shares in the market at 90p per share, raising its holding from 14 per cent to around 29 per cent last night.

Under Takeover Panel rules, BM must now produce a revised offer equivalent to the price it paid for shares in the market yesterday. This nullifies acceptances received for its earlier offer which amounted to 38 per cent on Monday night.

Mr Simon Purser of County Bank, BM's advisers, said that BM would offer nine BM shares for every 20 Benford shares with a cash alternative of 90p. On the basis of last night's closing price for BM, unchanged at 212p, the offer would value Benford, up 1p to 89p, at 95.4p per share.

Blackwood is offering 13 new shares for every eight Benford shares. On the basis of last night's closing price for Blackwood, down 2½p to 55p, the share offer values BM at 89.3p per cshare or £19.6m. There is a cash alternative of 84.5p.

Blackwood, advised by Morgan Grenfell, said its offer was subject to BM not declaring its original offer unconditional before 9 am today. Benford is being advised by Kleinwort Benson.

Mr Ken Scobie, Blackwood chief executive, said yesterday that it was unfortunate that his group had entered the bid battle late in the day but it was necessary to take a close look at Benford before making an offer. He stressed that Blackwood had taken the initiative. "Our offer was entirely unsolicited," said Mr Scobie.

Blackwood specialises in the sale and servicing of earth-moving, construction and mining equipment, including Diesel engines and the distribution of parts and accessories in the UK, Australia, Europe, Africa and Canada.

For the year ending December 1985, it made £7.2m pre-tax profits on £198m turnover. In 1983 the group made pre-tax losses of £20.6m but over the past two years it has staged a significant recovery.

Blackwood said that it expected to recommend an interim dividend of 0.5p per share and a final dividend of 0.5p per share for the current financial year. It did not pay a dividend last year.

Recommendation of Wardle bid for RFD

NON-EXECUTIVE directors of RFD Group, the industrial company, yesterday recommended shareholders to accept a previously contested £28m bid from Wardle Storeys, the plastic sheeting company, if a higher offer failed to emerge from another quarter.

The move came after discussions with both Wardle and Scapa Group, the industrial holding company, which had made a lower but agreed offer for RFD.

Mr Peter Giles, managing director of RFD, said yesterday that the company was still talking to both Scapa and another party and it remained possible that an alternative offer might emerge before the Wardle offer closed on June 19.

The Scapa offer involved a possible management buy-out for RFD's non-textile businesses, and because of this complication RFD felt that executive directors should not advise shareholders about the Wardle terms.

The RFD board said yesterday that it remained concerned about the current and future value of Wardle shares. It said the company's share price had been underpinned by Hill Samuel, its merchant banker, which had in the past three weeks purchased 234,100 Wardle shares at an average price of 336.6p a share.

DIVIDENDS ANNOUNCED

	Current Payment	Date of payment	Corresponding div.	Total for year	Total last year
Atkins	5.3	July 25	4	7	5.35
Bradford Property	6.3	Aug 8	5.25	10.8	8.5
Bradstock Gp ......int	2.2	Oct 7	—	—	3.75
Carr's Milling ......int	1.75	July 11	1.75	—	6
J. A. Devenish ......int	2.75	July 24	2.75	—	13
Electrocomponents	4.35	—	3.65	6.25	5.25
Gee/Rosen	1.1‡	July 28	1	1.65	1.5
Geevor	Nil	—	12	Nil	12
Hardanger Props ...int	3.55	July 7	2.8	—	9.8
Thomas Locker	0.92	July 25	0.92	1.3	1.3
London & Clydeside int	1.7‡	July 29	1.7	—	5.8
Metal Box	12.9	July 25	11.15	19	17.25
New Throgmorton Tst	2.1	July 31	1.7	3.35	2.7
Nottingham Brick ...int	2	Aug 15	2	—	6.5
Osborne & Little	2‡	—	—	3	—
Time Products	1.5	Aug 29	1.25	2	1.5
Wardell Roberts	1‡¶	July 16	—	1	—
Wedgwood	7†	July 16	4.5	10	7.25

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish pence throughout.

Westminster Press sells publisher to Argus

BY RAYMOND SNODDY

Westminster Press, the provincial press group, has agreed, subject to contract, to sell its Rawlings & Walsh (Chertsey) division to the Argus Press Group.

Rawlings & Walsh publish a number of titles under the Surrey Herald & News series in Chertsey, Weybridge, Egham and Staines, and two free newspaper titles the Staines & Ashford Leader and Walton & Weybridge Leader.

The value of the sale, which is due to be completed by the end of this month, was not disclosed.

The sale is the latest in a number of disposals and closures by Westminster Press, a subsidiary of Pearson, publishers of the Financial Times, designed to increase the subsidiary's level of profit.

Last month Westminster Press sold the Bedford County Press to EMAP for £2.35m and The Northern Press (South Shields) to a company formed by Mr John Barrons, a former Westminster Press chief executive, and Mr Peter Fowler. The decision was also taken to close The Evening Despatch, Darlington, because of falling circulation and losses.

In February Westminster Press virtually closed its editorial operation in London. Its London office had been costing about £3m a year.

Loss-maker CPS sold

CPS Computer, the loss making distributor which has seen its share value plummet over the past two years is to be taken over by Inspectorate International, a Swiss company dealing in computer leasing and technical inspection.

Under the terms of the offer, which has been recommended by the CPS directors who have also pledged their own 50.4 per cent stake, the Swiss company will pay 6.7p cash per CPS 20p share. This compares with 9p when CPS was suspended last month, and high of 205p after the arrival on the USM in March 1984. It values CPS at around £1.65m.

CPS has been badly affected by the troubles of the personal computer market, and in February reported a £243,000 loss for the year to September 1985, compared with profits of £2.27m and £1.6m in the previous two years.

The directors have also withdrawn the final 0.7p dividend it declared

Business Mortgages

Business Mortgages Trust, the licensed deposit taker specialising in £1m plus loans on commercial properties with a tourism bent in the South-west, is raising £2.8m through an issue of 8.6 per cent cumulative preference stock.

The proceeds will be used to bolster the company's capital base.

Liberty Life expands UK investment trust side

By David Goodhart

Liberty Life, the third largest life assurance company in South Africa, is further expanding its UK interests through its 58 per cent owned subsidiary, Transatlantic Insurance Holdings.

Transatlantic, which currently owns Capital and Counties, the property group, and about one-quarter of Sun Alliance and Continental and Industrial Trust, has made an agreed bid for the rest of Continental and Industrial.

The offer values the quoted UK investment trust at about £150m. Transatlantic aims to takeits holding over 50 per cent but intends to keep the listing and is not interested in 100 per cent ownership.

It does, however, propose to introduce new management and a new investment policy to Continental which is currently managed by Schroders.

Continental, which has net assets of £153m, has recently been performing below the investment trust average. Its net asset value per share has increased by 116 per cent over the past five years and 22 per cent over the past year, compared with average increases of 168 per cent and 44 per cent.

Transatlantic's new strategy is based on the belief that "significant opportunities exist for achieving above average returns on investments in the medium to longer term in the financial services industry." It intends, where appropriate, to become involved in the strategic and financial decisions of the companies in which it invests.

If the offer becomes unconditional the present board of Continental will resig nto be replaced by Mr Donald Gordon, chairman of the Liberty Life Group, Mr Michael Middlemas, the managing director of Transatlantic, and Mr Keith Wallis and Mr Angus Ogilvy, both directors of Transatlantic. Mr Peter Greenfield, a director of Liberty Life, will also be appointed.

Transatlantic's net assets rose from £184.4m at the end of 1984 to £330m at the end of 1985. It recently announced a rights issue of 50m shares to raise £137m. The cash offer values each Continental share at about 860p. Transatlantic is also proposing to issue a maximum of 20m shares—about 12 per cent of its expanded share capital. Continental's share price fell 5p to close at 835p.

Hillsdown makes £10m 'reinvestment' in Ferruzzi offshoot

BY LIONEL BARBER

Hillsdown Holdings, the food and furnishing manufacturer, has spent around £10m on acquiring a small share stake in Agricola Finanziaria, the quoted subsidiary of Ferruzzi, the privately owned Italian food and agricultural group.

The share stake is well under the disclosable five per cent limit, but it strengthens the links between Hillsdown and Ferruzzi, both of whom showed an interest in acquiring S & W Berisford, the commodity trading group, earlier this year.

Hillsdown sold a 14.7 per cent stake in Berisford to Ferruzzi last month after its all-share bid for Berisford was referred to the Monopolies Commission. Ferruzzi holds 23.7 per cent of Berisford and its own interest is currently being scrutinised by the UK competition authorities.

Mr Harry Solomon, joint chairman of Hillsdown, said the decision to invest in Ferruzzi was unconnected to the Berisford bid. "We want to show that we are serious about getting into Europe and we think Ferruzzi is a very fine company," he said.

When Hillsdown launched its £486m all-share bid for Berisford last April, it said that it was interested in co-operative ventures with Ferruzzi. Ferruzzi, which then held a nine per cent stake in Berisford, pledged to accept the Hillsdown offer irrevocably.

Though Ferruzzi is privately-owned, its quoted vehicle Agricola has substantial holdings in numerous Italian companies involved in agriculture. Agricola is capitalised at around £1bn.

Hillsdown's advisers, Kleinwort Benson, said the UK group made a substantial profit on its shareholding in Berisford when it sold to Ferruzzi. Though the sum remained undisclosed, it would appear that at least part of the money has been re-invested in Ferruzzi itself.

COMPANY NEWS IN BRIEF

BRADFORD PROPERTY Trust increased its pre-tax profits from £10.46m to £11.85m in the year to April 5 1986. The final dividend is increased from 5.25p to 6.3p net for a total of 10.8p (8.5p). Assets per share are 619p.

WHATMAN REEVE Angel's tender offer to purchase up to 400,000 of its 5p ordinary shares (1.9 per cent of the issued ordinary) at a maximum 302p each, has been accepted in full up to and including 274p. Tenders at 275p were scaled down. All successful tenders were off-market and were accepted at 275p subject to holders' approval. It is expected that the company's listing will be restored from 9 am today.

RECKITT & COLMAN Australia achieved sales of $168.95m in the half-year ended April 30, 1986 ($153.36m) and pre-tax profit of $21.69m ($20.16m). Average rate of exchange was $2.08 ($1.56). Interim dividend 9.5 (9) cents. Company is nearly 70 per cent owned by UK group.

SCOTTISH ROAD Services, wholly-owned by the National Freight Consortium, made £408,000 (£454,000) pre-tax in the six months to March 22, 1986, on turnover of £11.99m (£8.87m).

BOARD MEETINGS

TODAY

Interims: Canford Engineering, Raeburn Investment Trust, Williamson Tea.

Finals: Alpine Soft Drinks, Beecham, Thomas Borthwick, DDT, M & G Second Dual Trust, Pilkington, RFD, Regalian Properties, Rowlinson Securities, Sarasota Technology, Valor.

FUTURE DATES

Interims:

Adam Leisure	June 26
Associated Newspapers	July 9
Baynes (Charles)	June 25
Gold Fields Coal	June 12

Finals:

Ariel Industries	June 24
Bulmer (H. P.)	July 16
CML Microsystems	June 17
ERF	June 25
Gold Fields of South Africa	June 12
Hicking Pentecost	June 20
International Signal and Control	June 12
Johnson Matthey	June 12
Mountview Estates	June 16
Parkdale	June 17
RFD	June 11
Rothmans International	June 24
Sterling Industries	June 12
Zambia Consolidated Copper Mines	June 25

MS Int. sells major part of Laurence Scott

By Terry Garrett

MS INTERNATIONAL, the mining equipment and electrical engineering group, yesterday announced the disposal of a large part of the Laurence Scott's electromotors business to FKI Electricals for £11m.

The sale involves two of Laurence Scott's four subsidiaries. The two make rotating machines, variable speed drives and control equipment and had sales of £28m in the year to April.

Although the purchase of Laurence Scott for £6m in 1980 was originally hailed as a coup for MS, bringing in £18m of assets, it proved to be a disastrous investment.

The companies being sold made operating profits of around £600,000 last year, but significant reorganisation costs have consistently dropped their group contribution into the red. In recent months, hte business has been further affected by delayed orders from the North Sea oil sector.

Rapidly expanding FKI said yesterday that the acquisition fitted in with its strategy of identifying electrical and electronic engineering companies with quality products and good gross margins, but burdened with heavy corporate overheads. It has just completed the £11.6m acquisition of five Thorn-EMI engineering and components companies.

MS will be retaining the two other Laurence Scott operations, making gun mountings—this recently won a £20m order from the Royal Navy—and small electric motors for fans and cash dispensing machines.

The £11m cash injection will transform MS International's balance sheet, more than halving capital gearing to around 50 per cent and relieving the business from oppressive interest charges that have dogged the company's recovery.

Over 90.5% accept Burmah rights issue

Burmah Oil says acceptances have been received in respect of 26.1m new ordinary stock units (approximately 90.7 per cent) of the 28.8m new ordinary stock units offered by way of rights, at 310p per unit. The 2.69m new ordinary stock units not taken up have been sold by the underwriters, J. Henry Schroder Wagg & Co at a price of 335p per unit.

Growth rate slows at Electrocomponents

OVER THE year ended March 31 1986 the growth rate experienced by Electrocomponents, the distribution group, has slowed down, as expected.

But the pre-tax profit still shows a lift from £29.59m to £35.22m, while shareholders receive a 1p increase in their dividend. A final of 4.35p makes 6.25p.

Mr Tony Chubb, the chairman, remains confident in the future growth potential of *existing businesses, and says* the group will continue to seek new opportunities.

The sales increase of 22 per cent, to nearly £200m (£164m), and the pre-tax rise of 19 per cent, compare with advances of 27 per cent and 33 per cent respectively achieved last time.

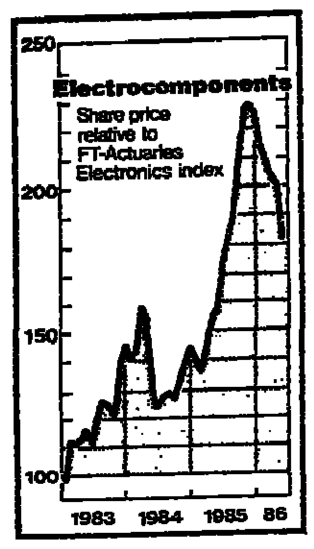
In the first half of 1985-86 sales showed a 22 per cent increase, while the pre-tax profit growth was 26 per cent.

The chairman says RS Components continues to benefit significantly from investments at Weldon and new product introductions. Other subsidiaries performed less satisfactory, but they should pick up.

Softness in market conditions reported at mid term was evident until early 1986; since then they have improved modestly but inconsistently.

Gross profit for the year came out to £73.99m (£63.08m) and net interest received was up to £829,000 (£620,000). After tax £14.18m (£13.09m) and minorities £76,000 (£153,000) the net profit works through at £20.96m (£16.35m) for earnings of 20.6p (16p) per share.

See Lex



Merger boost for Devenish

THE ACQUISITION of Inn Leisure has made a major impact on the half-time figures of brewer J. A. Devenish, and on a merged basis its pre-tax profit for the six months ended March 31 1986 has surged 37 per cent, from £914,000 to £1.25m.

Mr R. S. Hargreaves, the chairman, says previous interim statements have been fairly insignificant because of the seasonal nature of the Devenish *trade. However, Inn Leisure is* not subject to the same influences, he points out.

NO 22—8/8½

He says the last six months have been very active and he is sure the changes made and those taking place will be of benefit to the company and its shareholders.

The merger with Inn Leisure (effective from March 10) has brought together the long established brewing and largely tennanted public house estate of Devenish (principally located in Dorset, Devon and Cornwall) with that of the retailing expertise and high volume managed public house and wine bar operation of Inn Leisure, mainly situated in town centres.

Mr Hargreaves says, as with most mergers, certain changes have taken place and it is inevitable that others will follow.

Mr M. R. Cannon has been appointed chief executive of the group—he was chairman of Inn Leisure. Mr J. W. Clark becomes group finance director, *and* Mr P. R. Smith managing director of the Devenish operating companies. Mr E. W. Ludlow, group managing director, has resigned.

On a merged basis, sales for half year rose 16 per cent, from £13.13m to £15.28m, while the operating profit surged nearly 49 per cent, from £1.12m to £1.67m.

The attributable profit comes to £803,000 (£653,000) which, this time, comprises £61,000 combined post merger, £140,000 pre-merger from Devenish and £602,000 pre-merger from Inn Leisure. Earnings are 9p (6.7p) and the interim dividend is again 2.75p net.

● comment

Inn Leisure's reversal into J. A. Devenish in March may have been called a merger, but the injection of Inn Leisure's chief executive and finance director into the combined group and the breakdown of profits growth between the two makes it clear who was taking over whom. Inn Leisure is now drawing up plans for a shake-up of the sleepy Devenish operations and aims *eventually to transform the* majority of the company's 344 tenanted houses into managed ones. It is probably too early to expect the benefits to show through in the current year so the Devenish contribution will probably not go far beyond last year's £2.1m, but the continued development of Inn Lesiure's operations and the fact that its suburban London pubs are largely unaffected by the tourism downturn suggests that combined, the group should achieve £4.5m. With shares up 30p at 890p, however, even the robust profits growth hardly justifies a prospective p/e of 25, double the sector average.

ANNUAL MEETINGS

Pleasurama hit by casino downturn

Pleasurama warned yesterday that its results for 1986 were bound to be affected by a downturn in London casino operations which Mr N. Solomon, the group's chairman, mainly attributed to "the well-publicised reduction in the number of foreign visitors."

Addressing the annual meeting the chairman said that action was being taken to counter this, and that the company would "fully maintain its share of the London casino business" and be well positioned to take advantage of an upturn.

Elsewhere, he said that provincial casino, amusement machine, holiday hotel and general leisure interests were all trading at satisfactory levels in relation to both budget and the equivalent period of 1985.

In 1985 Pleasurama's profits (already reported) were a shade over £37.5m pre-tax on turnover of £160.1m compared to £25.25m and £108.48m respectively for the previous 15 months.

● At the Combined English Stores Group annual meeting shareholders were told by Mr M. Gordon, the chairman, that despite poor weather Salisburys handbags, Allens chemists and the Biba fashion group in West Germany were performing well.

Collingwood, the jewellery subsidiary, found conditions more difficult in the early part of the year although trading had improved in recent weeks. Eurocamp, the travel division, had again achieved record bookings and "will almost certainly produce another substantial increase in profits," the chairman said.

In March the group reported a rise from £9.25m to £12.4m in pre-tax profits for the 1985-86 year

● Mr T. A. Maher, chairman of Pentos, said at yesterday's AGM that "trading continues to be in line with our expectations and for the year as a whole we should show a material improvement on last year."

Carr's Milling ahead despite competition

Despite intense competition in its *baking and flour milling* activities, Carr's Milling Industries has announced a rise in pre-tax profits from £810,000 to £865,000 in the six months to March 1 1986.

Total sales for this Carlisle-based company moved ahead to £37.11m (£32.61m), with external sales 14.6 per cent better at £31.37m (£27.39m).

The interim dividend is unchanged at 1.75p. In 1984-85, when profits of £1.28m were achieved, a 6p total was paid. Net earnings for the half year are shown 1.1p lower at 13.1p.

The animal feed business continued to make progress, says Mr Ian Carr, the chairman.

Baking and flour milling both did well notwithstanding the competition, and, he adds, it was a period made more difficult by the lack of suitable home-grown wheat due to the failure of the 1985 harvest.

The group is currently trading satisfactorily, but because of the seasonal nature of some of its interests, the directors expect the second half profit to be less than that achieved in the first.

UK COMPANY NEWS

Hong Kong reorganisation pushes Time Products to £4m

A DOUBLED contribution from the reorganised Hong Kong operation has helped Time Products to lift its pre-tax profit from £2m to £4.15m in the year ended January 31 1986.

The year has largely been one of consolidation, the directors point out, ensuring the operating divisions are well placed to expand and develop over the coming years. The debt equity ratio is also considerably improved.

They say the changes within the group over the last couple of years are starting to bear fruit and they view the future with confidence.

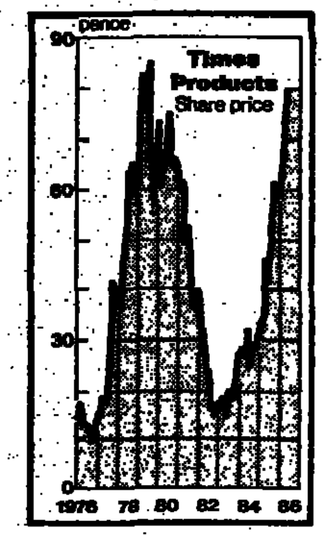
The group is engaged in the manufacture and distribution of watches and jewellery. It holds sole UK concessions for several watch makers and operates over 100 jewellery shops.

A final dividend of 1.5p lifts the net total to 2p (1.5p) reflecting the year's result and the directors confidence in current trading levels.

In the year, turnover rose from £49.82m to £59.65m, and the profit before finance costs to £5.2m (£4.63m). Finance costs were cut to £1.04m (£1.61m).

● comment

Time Products has lower interest rates, debt reduction and cost savings to thank for the size of this year's profits rise. The Hong Kong subsidiary, Remex, had greatly reduced interest obligations even though trading profits fell marginally. After three years of angst, Time should now have the measure of Remex as a £2.5m pre-tax a year business for which in a year or so's time either a flotation or offers might well be sought. Rationalisation chopped £1m off the turnover of House of Lipkin, the rings and pearls company purchased in January 1985, so that this time of the £9.5m UK sales increase, some £6m came from the acquisition. Lipkin's profits were enough to cover the £300,000 or so interest costs of the purchase price. Otherwise the UK performance was rather flat, especially in retailing, although the Russian-made Sekonda watches continue to provide a solid base for the company's more esoteric products which inevitably sell on a rather erratic basis. This year £5m is a reasonable target, which has the shares at 79p trading on a modest multiple of 10.



Nottingham Brick hit by adverse weather

THE ADVERSE weather of February and March halted the progress of Nottingham Brick, and was the major factor in cutting the first half profit from £868,000 to £730,000.

However, if present trends continue the directors are confident as to the satisfactory outcome of the full year. They are holding the interim dividend at 2p net and say they will give appropriate consideration to an increase in the final (last year 4.5p).

Sales in the half year were £4.42m (£4.53m) and trading profit came to £715,000 (£786,000). Trading profit for the first quarter was ahead, but by March 31 had shown a reduction from £786,000 to £715,000.

The directors report that the new kiln and driers at Dorket Head are in full production. The present prospects for the construction industry, and housing market in particular, appear favourable, and brick deliveries are increasing, supported by a strong order position.

After tax £256,000 (£343,000) the net profit is £474,000 (£465,000) for earnings of 4.39p (4.54p) per share. For the whole of 1984-85, the group made a pre-tax profit of £2.43m.

● comment

Nottingham Brick has been a market favourite for so long that the City was even prepared to accept its excuses about wet, windy weather and the share price fell by just 7p to 203p yesterday. The decline in demand in the early months of the year encouraged many brick producers, principally those at Nottingham's higher end of the market, to dump. The emergence of so many cheap bricks on the market, combined with Lord Hanson's machinations at London Brick, will whittle away at margins. Although in the short term, at least, Nottingham can counter this with increased productivity from the new, more cost-efficient plant at Dorket Head and the benefits of falling energy prices. Demand for bricks has now returned to normal levels, but the building industry has not, as Nottingham had hoped, accelerated construction activity to make up for lost time, before the end of its financial year in September. Analysts have, accordingly, reduced profit projections to £2.9m for the year as a whole, producing a p/e of 11.5, which should be maintained given that Nottingham, like every other brick producer, should derive some benefit from falling interest rates and the architectural trend towards post-modernism.

Atkins Brothers tops £1m in record year

Record operating profits from its textiles activities and substantial progress in its electronically-controlled display systems businesses, has enabled Atkins Brothers (Hosiery) to announce a record £1.11m in pre-tax profits for the year ended March 31 1986, against a previous £312,000.

With turnover up 38 per cent to £19.06m (£13.99m), Mr Bill Dawson, the chairman, states that the results well justify the board's policy of seeing off the bid approach received earlier this year.

The directors are recommending a higher final dividend of 5.3p (4p) which will lift the total to 7p (5.35p). Stated earnings are up from 5.79p to 16.71p.

In its textile business, where all divisions increased sales during the year, a major reorganisation took place, and the directors are budgeting for a further improvement in profits in the current year.

In the electronics division, they see the main profit growth at present coming from the display systems businesses where prospects are very encouraging. The chairman says their strategy is to move profitability considerably ahead in the next few years. This will be achieved by a combination of improved performances from existing businesses and a careful programme of acquisitions. In April it acquired Telesign.

Looking ahead, the chairman says that lower energy costs and interest rates, combined with lower rates of inflation and the steady growth in consumer spending, augur well for all areas of the group. He views the future with confidence.

Because of the growing importance of the company's electronics activities the directors are proposing to change its name to Atkins, to more accurately reflect current group structure.

Tax for the year rose to £451,000 (£106,000) and minorities took £33,000 (£11,000).

Bradstock up £1m at halfway

Pre-tax profits at Bradstock Group, insurance and re-insurance broker, increased by over £1m to £2.44m in the six months to March 31 1986. The directors point out however, that the excellent performance of the opening six months will be difficult to maintain in the second half, but they are confident that the full year's results will show satisfactory progress.

The group pays its first interim dividend—2.2p since its full listing last July. A payment of 3.75p was made in respect of the year to September 30 1985. Stated earnings per 5p share rose from 5.9p to 11.9p.

Group turnover for the first half was £4.69m against £3.43m. Administration expenses were higher at £2.83m (£2.51m), but investment and other income improved from £431,000 to £584,00. Tax was considerably higher at £1.02m compared with £698,000, and there was an extraordinary debit of £110,000 (£28,000 credit).

The group's shares in its association company, Bradstock Blanch, were sold on March 21 1986.

FT COMMERCIAL LAW REPORTS

Assessment of arbitrators' worth

SN KURKJIAN (COMMODITY BROKERS) LTD v MARKETING EXCHANGE FOR AFRICA LTD
Queen's Bench Division (Commercial Court): Mr Justice Staughton: May 15 1986

MEMBERS OF the board of appeal of a trade association should calculate their own fees on the basis of what is fair and reasonable having regard to the worth of an average member in their particular trade, in terms of hourly rates; and when assessing the fees of their legal adviser they should give sufficient consideration to the details of his bill, depending on its size and other circumstances, to satisfy themselves it was fair and reasonable.

Mr Justice Staughton so held on an application by S. N. Kurkjian (Commodity Brokers) Ltd., buyers of cocoa, to set aside assessments by members of the Board of Appeal of the Cocoa Association Ltd. of their own fees and those of the legal adviser. The application failed with regard to the board members' fees but succeeded with regard to the legal adviser's fees.

* * *

HIS LORDSHIP said that Kurkjian were buyers of cocoa butter from Marketing Exchange for Africa. A dispute arose which went to arbitration and then on appeal to the Board of Appeal of the Cocoa Association.

There was now a motion to set aside or remit that part of the award which dealt with the fees and expenses of the Board of Appeal. There was no allegation of impropriety or bad faith. The sellers did not take any part in the motion.

The relevant statute law was to be found in sections 18 and 19 of the Arbitration Act 1950. It did not provide adequate protection against the possibility that arbitrators might fix their own fees at too high a figure, and so the courts had on rare occasions exercised the power to consider whether they had done so.

The appropriate test was set out in the judgment of Mr Justice Megaw in the *Government of Ceylon v Chandris [1963] 1 Lloyds Rep 214, 227.*

He said that the court would not intervene unless "(i) it is satisfied that the fees can properly be described as extravagant; or (ii) it is apparent that the umpire has seriously misunderstood his duty as regards the assessment of fees . . ."

In the present case the hearing of the appeal lasted 2½ days, and the disputed fees of the Board of Appeal amounted to £15,500. The individual board members spent between 37 and 47 hours in considering the appeal. That included not only hearing time but also subsequent meetings and the time spent in reading or considering the case.

The board resolved to adopt a rate per hour for each member of £75. The total hours of all members were 214, or an average of nearly 43 each.

The buyers did not challenge the hours spent nor the use of an hourly rate, nor the method by which the total was rounded down and divided between the five members. What they said was that the hourly rate of £75 was much too high.

The court had to consider what would have been a fair and reasonable charge.

Mr Grace, for the board members, said that the only answer was the going rate.

That was relevant if there was a going rate, but an unreasonable rate did not become reasonable solely because it was the going rate.

The evidence of rates usually charged provided a wide bracket between £30 and £160 an hour for all time spent. It was not helpful as a guide to what was fair and reasonable.

The buyers' approach was to take the annual remuneration of the sort of person who sat as a member of a Board of Appeal and reduce it to an hourly rate after making appropriate allowance for working hours in a day, weekends, annual holidays and statutory holidays.

That commended itself to the court as a starting point but there were two flaws in the way the buyers operated it.

First, they took the annual remuneration of a board member as £50,000 and reached an hourly rate of £30. There was no evidence that £50,000 was right. It had been calculated that an hourly rate of £75 was equivalent to an annual salary of £120,000. It was admitted that some board members, who were engaged as traders in the City of London, would have different remuneration from those employed by end-users of cocoa. It could not be right to take different levels of remuneration for different members or to consider the actual circumstances of members on a particular board.

Secondly, it was not only the remuneration earned by the board member that must be calculated, but also what his services were worth, whether as an employee of his company or as a member of a board of appeal.

The best test of that was to ascertain the cost of his employment to this employers. To find it one must add to his remuneration items such as employer's national insurance contributions, the cost of pension arrangements, his secretary's wages, and the expense of a place for him to work.

None of that calculation could be done on the material before the court. A person earning £50,000 a year would be worth substantially more than £30 an hour by that test.

The court could not say whether the average board member would come to less than £75 an hour if one started with an accurate figure for remuneration and added those expenses. But it certainly had not been demonstrated that the answer was less than £75 an hour.

In the Cocoa Association board members were chosen from very senior members of the trade, to command confidence. Retired people were not chosen because it was thought they would not be in touch with recent developments.

In both respects the Cocoa Association differed from some other commodity trade associations in London. The result was that board members of the Cocoa Association tended to be rather more expensive people than those of some other associations. Its policy did not seem unreasonable. The actual calibre of its board members should not be disregarded or discounted down to the level of other associations.

Board members might charge somewhat more than the fees which would otherwise be appropriate when the amount was conspicuously high, because their responsibility was greater.

But in the particular context of appeals in a trade association, they were not obliged by law to charge less than the fees which should otherwise be appropriate if the amount in dispute was small. The parties, had they wished to do so, could have accepted the decision of the first-tier arbitrators or compromised the dispute.

The statement in the footnote of *Mustill and Boyd on Commercial Arbitration 202*, "If a distinguished man agrees to arbitrate in a small matter, he cannot necessarily accept his usual fee," was not wholly accepted.

If commodity firms chose to make their employees available for appeals and allowed them to keep their fees. It did not alter the amount which was fair and reasonable for the parties to pay.

Board members might in practice charge less than they were entitled to, for the good of the trade and because they were already receiving remuneration elsewhere. They were not obliged to do so. Otherwise, foreign members of commodity associations who did not normally provide employees to sit on boards of appeal but who regularly used them, would be subsidised by their UK colleagues and competitors.

In the light of all those considerations, the court was not satisfied that £75 an hour in the present case was extravagent in the sense of the first part of the test laid down by Mr Justice Megaw.

The second part of the test was whether the board members misunderstood their duty when they fixed their own fees. They ought to have considered what was the worth of an average board member in their trade in terms of hourly rate.

It would be a difficult and superfluous task for every single board of appeal to do that. It could fairly be assumed that the board considered, as other boards had done in the past without objection, that the worth of an average board member was at least £75 an hour. The contrary had not been shown.

Accordingly, the board did not misunderstand its duties when it fixed the fees of its members and the challenge to those fees failed.

The second item in dispute was the taxation of the legal adviser's fees.

The board considered and approved two things: the legal adviser's charging rate of £100 an hour and the total bill of £8,750. That was indequate consideration of the bill in view of its size and other circumstances.

Mr Grace submitted that taxation by arbitrators was a different process to that carried out by taxing masters. That was not accepted. The two processes were the same operation to be carried out by different people.

In some respects the legal adviser's fees never were taxed by the board. They never considered his charges of £200 an hour on Sundays and £150 an hour for evening work, because they were not told about them. They never considered the secretarial charge of £875.

It was not ruled that arbitrators should always ask for a detailed bill and consider every item separately. In every case they must take such measures as were appropriate to satisfy themselves that the bill was fair and reasonable. For a small bill their taxation process could be summary. But in the present case they should have demanded a detailed bill and examined it carefully. They would then have noticed the two points mentioned and decided whether those charges could be upheld.

They should also have gone on to consider whether the time claimed had actually been spent and reasonably spent on the appeal; and to consider the charging rate of £100 an hour if they had not already done so.

The board members seriously misunderstood their duty in respect of the legal adviser's charges in terms of the second test laid down by Mr Justice Megaw. That part of the award comprising the charges of the legal adviser was set aside.

For the buyers: N. Davidson (Richards Butler).

For the board members: David Grace QC (Monier Williams).

By Rachel Davies
Barrister

APPOINTMENTS

Changes made at Smith St. Aubyn

Following the acquisition of Smith St Aubyn (Holdings) by King & Shaxon Holdings, the following appointments have been made to the board of SMITH ST AUBYN (HOLDINGS): **Mr W. E. C. D'Abbans** (chairman and managing director) and **Mr D. R. Jarrett, Mr A. P. Guthrie, Mr D. T. R. Pearce** and **Mr T. S. Hohler** (directors). **Mr J. F. E. Smith** (chairman) and **Mr J. L. E. Smith, Mr J. R. Martin Smith** and **Mr C. W. Brocklebank** have resigned as directors.

Mr D'Abbans has been appointed chairman and managing director of Smith St Aubyn & Co Ltd a subsidiary of Smith St Aubyn (Holdings), and Mr Jarrett Mr Guthrie, Mr Pearce and Mr Hohler have been appointed directors. Mr J. F. E. Smith has resigned as chairman and director.

*

Mr Nick Newland has been appointed to the board of KENNEDY BROOKES as group director of finance. He joined Wheeler's Restaurants in 1977. Since the acquisition of Wheeler's by Kennedy Brookes in 1983, he has been involved with all financial activities of the group.

*

A new chairman has been appointed to the trustees of the POST OFFICE STAFF SUPERANNUATION SCHEME, one of the UK's largest pension funds. He is **Mr Roy Cox**, chairman of the Building Societies Association and, until his retirement recently, chief executive of the Alliance Building Society. He succeeds **Mr Jack Emms**.

*

COUNTY BISGOOD, stock jobbers, has appointed **Mr P. J. K. Bisgood, Mr L. J. Cornish, Mr D. J. MacNamara** and **Mr N. J. Parsons** directors. **Mr D. Allchorne, Mr A. D. G. Ashton, Mr M. S. Brown, Mr P. C. Collins, Mr J. Dalby, Mr G. Dimock, Mr M. R. W. Hildrey, Mr S. J. B. Lewis, Mr B. K. Mason, Mr H. M. G. McAllister, Mr J. S. Palfreyman** and **Mr R. P. Ramsay** have been made assistant directors.

*

Mr Bob Rider and **Mr Bill Wood-Roe** have been appointed directors of LEASE PLAN UK. Mr Rider remains head of the operating lease division and Mr Wood-Roe, previously financial controller, becomes financial director.

*

Mr Jack Nutter has been appointed a non-executive director of VICTOR PRODUCTS. Mr Nutter, until recently deputy chairman of Rowntree Mackintosh, is also chairman of Bootham Engineers and a director of Wolstenholme Rink.

*

Mr Peter B. McCarthy has been appointed general manager, London branch, FIRST NATIONAL BANK OF CHICAGO. He replaces **Mr Stephen Baine**, who returns to Chicago as head of strategy for First Chicago Corporation.

*

Mr Colin Priestland has been appointed managing director and **Mr Anthony Merryweather** deputy managing director of SUNLEIGH ELECTRONICS. Mr Priestland is director of manufacturing with FKI subsidiary, Burndept Electronics. Mr Merryweather also has an FKI background where he was divisional director with responsibility for financial, commercial and buying departments.

*

At ALFRED McALPINE **Mr D. L. (Donovan) Wall** has been appointed financial director of the construction division. Mr Wall, who is based at Hooton, South Wirral, has joined the board of Alfred McAlpine Construction.

US$ 100 000 000.—

Credit Suisse Finance (Panama) S.A.

11¾% Guaranteed Notes, Series A, due 1992
and
100 000 Warrants to subscribe

US$ 100 000 000.— 11¾% Guaranteed Notes, Series B, due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that US$ 1 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 1 000 Series A Notes of US$ 1 000 each, drawn for redemption and representing US$ 1 000 000 principal amount, are as follows:

474	4177	8326	13692	19873	23281	27855	31928	37314	41598	46808	51551	54461	61229	66124	71181	76858	81544	87368	93245
522	4324	8387	13815	19874	23324	27581	32026	37319	41677	46809	51709	56889	61234	66139	71128	76972	81704	87466	93258
659	4457	8533	13880	19877	23325	27582	32029	37366	42798	46818	51718	56949	61235	66228	71236	77138	81919	87504	93267
686	4479	8601	13982	19878	23438	27503	32073	37386	42025	47095	51772	56935	61421	66271	71427	77150	81920	87588	93443
724	4481	8635	13993	19880	23537	27567	32082	37423	42099	47102	51864	57016	61542	66456	71662	77257	82161	87609	93470
859	4488	8730	14038	19210	23612	27754	32240	37835	42190	47103	51883	57159	61961	66387	71694	77333	82174	87792	93504
883	4574	8801	14154	19272	23832	27876	32361	37838	42294	47265	51988	57416	62196	66417	71795	77395	82179	87852	93714
1151	4599	8854	14342	19351	23928	27878	32450	37889	42386	47552	52206	57418	62259	66428	71807	77516	82291	88219	93734
1459	4601	8835	14364	19442	23937	27928	32516	37967	42467	47614	52329	57452	62495	66475	71875	77694	82395	88292	93813
1642	4664	8999	14510	19654	24098	27969	32629	37980	42469	47615	52726	57595	62532	66507	72067	77863	82544	88308	93888
1706	4924	9286	14866	19737	24099	28044	33393	38331	42577	47728	52732	57624	62589	66966	72294	77948	82692	88638	94071
1715	5055	9329	14878	19797	24101	28046	33395	38449	42624	47834	52997	57651	62613	67126	72346	78094	83057	88700	94177
1853	5084	9334	15048	19798	24199	28162	33435	38585	42631	48022	53097	57904	62616	67154	72360	78101	83127	88781	94259
1931	5094	9365	15156	19928	24200	28226	33439	38628	42674	48164	53098	57984	62822	67223	72517	78110	83385	88870	94337
2001	5173	9590	15336	19931	24228	28705	33501	38699	42720	48183	53130	58081	62824	67245	72641	78116	83381	89549	94454
2040	5207	9633	15419	19945	24229	28706	33511	38774	42774	48242	53272	58085	62858	67279	72713	78227	83466	89678	95008
2043	5432	9784	15523	20008	24383	28787	33593	39001	42780	48266	53340	58127	62976	67363	72737	78299	83470	89714	95181
2072	5933	9787	15912	20063	24631	28791	33554	39082	42826	48278	53379	58144	62997	67599	72837	78456	83617	89839	95494
2161	5531	9718	16112	20079	24724	28792	33775	39074	42863	48546	53460	58159	63123	67400	73083	78471	83853	89859	95500
2162	5563	9961	16188	20233	25022	28793	33826	39079	42864	48657	53921	58225	63222	67401	73154	78498	83958	89978	95773
2393	5718	10226	16202	20236	25023	29000	33895	39116	42908	48735	54116	58250	63224	67958	73161	78606	83994	90030	95913
2769	5812	10242	16285	20310	25220	29151	33924	39228	43049	48870	54117	58466	63286	68049	73165	78709	84026	90031	96202
2772	6048	10374	16332	20540	25224	29185	34123	39398	43145	48918	54118	58765	63371	68494	73166	78726	84027	90032	96228
2794	6049	10565	16628	20571	25236	29598	34281	39452	43328	49013	54168	58765	63452	68482	73168	78792	84044	90057	96728
2814	6186	10674	16849	20592	25269	29616	34577	39512	43329	49019	54182	59088	63899	68497	73266	79061	84141	90101	96837
2823	6192	10684	17014	20868	25307	29691	34758	39513	43335	49203	54283	59113	63808	68760	73281	79128	84316	90315	97012
2923	6193	11283	17015	20878	25312	29749	35309	39546	43354	49204	54315	59387	63978	68796	73598	79264	84344	90324	97101
2932	6211	11368	17082	21638	25331	29795	35310	39793	43530	49205	54415	59519	64011	68903	73757	79279	84415	90470	97217
3052	6212	11403	17091	21640	25361	29813	35313	39756	43854	49211	54463	59571	64247	68996	73770	79308	84447	90471	97290
3149	6301	11444	17192	21641	25512	29858	35331	39985	43860	49332	54888	59679	64266	69414	73937	79394	84546	90476	97345
3150	6621	11461	17434	21648	25507	29904	35332	40130	43899	49651	54881	59699	64418	69146	73938	79567	84578	90704	97403
3151	6923	11578	17452	21650	26731	29938	35333	40232	43936	49768	54838	59704	64583	69692	74203	79548	84868	90779	97556
3245	6976	11594	17701	21651	25792	29948	35423	40256	44082	49903	54866	59828	64701	69783	74387	79587	84861	90946	97675
3263	7042	11669	17782	21652	25840	29993	35582	40455	44299	50005	55089	60075	64859	69885	74778	79442	84946	91054	97857
3265	7070	11697	17760	21656	25892	30137	35791	40486	44300	50210	55015	60076	64878	69993	75831	79693	85034	91163	98147
3325	7071	11698	17813	21900	25961	30138	35792	40548	44316	50361	55016	60093	64951	70956	75864	79783	85035	91261	98218
3488	7114	11758	17819	21901	25932	30152	36199	40757	44604	50391	55017	60098	64978	70144	75229	79966	85141	91290	98211
3446	7226	11824	17843	21941	26009	30174	36287	40766	44694	50413	55128	60166	65040	70174	75403	80054	85156	91461	98264
3466	7352	12098	17845	21966	26021	30395	36288	40768	44787	50574	55121	60254	65113	70351	75475	80057	85195	91641	98425
3479	7738	12143	17853	22134	26083	30473	36289	40831	45357	50578	55122	60262	65183	70460	75484	80058	85267	91718	98546
3770	7818	12384	18024	22347	26144	30658	36432	40837	45358	50613	55124	60313	65207	70512	75620	80059	85516	91873	98597
3776	7828	12349	18074	22363	26289	30659	36666	40864	45595	50817	55225	60514	65403	70563	75641	80234	85943	92291	98703
3777	7878	12430	18238	22557	26495	30734	36782	40945	45627	50938	55464	60515	65423	70772	75649	80403	86180	92478	98925
3921	7883	12631	18241	22569	26496	30852	36788	41098	45828	51001	55599	60563	65426	70789	76216	80588	86313	92481	98948
3944	8000	12761	18270	22570	26637	30947	36843	41138	45943	51082	55750	60567	65615	70900	76217	80589	86361	92493	98962
3995	8016	12879	18397	22617	26638	31155	36976	41261	46188	51063	55772	60569	65752	70969	76367	81079	86458	92630	99101
3996	8044	13357	18400	22766	26836	31327	37065	41287	46155	51068	55933	60654	65768	70976	76408	81261	86521	92781	99240
4078	8114	13461	18580	22961	26837	31461	37071	41439	46556	51285	56275	60909	65824	71005	76473	81317	86805	92782	99243
4145	8172	13580	19054	23142	26988	31668	37876	41452	46646	51360	56519	60911	66017	71087	76527	81421	87086	92897	99657
4165	8189	13610	19072	23280	26987	31794	37294	41465	46687	51374	56529	60970	66112	71088	76536	81541	87105	93086	99729

The Notes drawn for redemption will become due and payable on July 14, 1986 together with accrued interest for the period from February 13, 1986 to July 14, 1986.

On and after July 14, 1986 the Series A Notes so redeemed shall cease to bear interest.

As of this date, the outstanding principal amounts are:
Series A Notes: US$ 17 000 000.—
Series B Notes: US$ 83 357 000.—

Zurich, June 11, 1986

CREDIT SUISSE
as Fiscal and Principal Paying Agent

NOTICE
to Holders of

E.L. International Limited

4¾% Convertible Subordinated Guaranteed Debentures due 1987

NOTICE IS HEREBY GIVEN pursuant to Section 3.06 of the Indenture dated as of December 15, 1972 (the "Indenture") relating to the 4¾% Convertible Subordinated Guaranteed Debentures due 1987 (the "Debentures") of E.L. International Limited, a subsidiary of Economics Laboratory, Inc. ("Econ Lab"), that the Board of Directors of Econ Lab, Guarantor of the Debentures, has declared a two-for-one stock split in the form of a 100% dividend payable in kind on July 15, 1986 to stockholders of record as of the close of business on June 24, 1986.

Payment of the dividend will result in an adjustment to the conversion rate of the Debentures effective as of the record date provided above. Subject to the formal certifications required under the terms of the Indenture, it is expected that the principal amount of Debentures submitted for conversion after the effective date of the adjustment will be converted into shares of Econ Lab Common Stock at a rate of $22.75 per share. A confirming notice of the actual rate adjustment will be published in this newspaper.

Debentures may be submitted for conversion at the office of the Trustee, Morgan Guaranty Trust Company of New York, or at any other office or agency maintained for purpose of conversion of the Debentures. Debentures received by the Trustee for conversion on or before June 24, 1986 shall be converted into shares of Common Stock at the current rate of $45.50 per share. Debentures received for conversion after June 24, 1986 shall be entitled to shares of Econ Lab Common Stock at the adjusted rate. Delivery of the dividend shares of Common Stock effecting the rate adjustment will not be made until the payment date of the stock split. Debentures do not need to be converted at this time.

ECONOMICS LABORATORY, INC.

Dated: June 11, 1986

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or –	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
150	F.P.	30/6	151	138	Alumasc Group	145	......	R5.85	2.5	5.7	10.0
§130	F.P.	13/6	135	120	‡Antler 5p	120	......	u3.0	2.4	3.5	17.0
115	F.P.	11/7	170	155	Arlington Sec. 10p	162	......	b1.7	4.3	1.5	22.2
150	F.P.	20/6	161	150	Barker (Charles) 5p	153	–2	u3.0	3.1	2.8	16.7
147	F.P.	—	135	130	Blick 5p	135	+2	R3.4	3.1	3.6	12.9
§60	F.P.	20/6	61½	54	‡Brit. Isl. Airways 10p	60	......	bd2.82	2.1	6.6	8.3
§130	F.P.	4/7	167	150	‡Clarke Hooper 5p	151	–2	b2.3	2.9	2.2	22.7
§125	F.P.	6/6	138	123	Comb. Lease Fin. 50p	129	–1	L1.35	3.9	1.5	18.6
107	F.P.	27/6	131	113	Dalepak Foods 5p	126	......	R2.3	3.2	2.6	17.1
§155	F.P.	6/6	232	172	‡Davies (D.Y.) 5p	216	+4	u3.4	2.7	2.2	23.3
§50	F.P.	11/6	62	50	‡Dean & Bowes 5p	62	......	L2.5	1.5	5.7	16.7
§130	F.P.	6/6	131	135	‡Debtor 10p	135	......	u4.0	2.7	4.2	12.7
§39	F.P.	27/6	40	37	‡Eadie	37	–1	R1.75	2.0	6.7	8.9
120	F.P.	17/7	118	111	Evans Halshaw	111	–2	u8.38	3.1	7.4	7.3
140	F.P.	4/7	130	125	‡Fields(Mrs)Inc$0.05	125	......	R04.5c	2.6	2.5	15.8
—	—	—	35	27	German Secs. Warrts	32	......	—	—	—	—
140	F.P.	20/6	150	144	Haggas (John) 10p	144	–6	ud3.0	3.2	2.9	14.9
120	F.P.	30/5	130	112	Ipeco Hldgs 10p	112	–2	u2.7	3.3	3.4	12.8
104	F.P.	—	118	90	Jurys Hotel	94	+4	u3.75	2.1	5.6	10.4
180	F.P.	23/5	187	137	Lee International 10p	156	+60	R3.8	2.9	3.4	14.2
§70	F.P.	14/5	95	80	‡Lodge Care	82	......	u2.0	2.4	3.4	17.1
§§	F.P.	—	62	49	Merlin Int'l Props	57	–1	a0.58	2.0	1.4	42.2
157	F.P.	26/6	157	145	‡Monotype Corpn 10p	155	......	R4.4	1.6	4.0	15.4
§105	F.P.	6/6	133	112	‡Musterlin 20p	127	......	u3.0	2.8	3.3	12.2
165	F.P.	10/6	190	170	P-E International 10p	185	......	1.8	3.6	1.4	29.8
§100	F.P.	27/6	105	104	‡Savage Group 20p	104	......	R3.0	2.5	4.1	13.8
**	F.P.	6/6	700	550	Schroders £1 N/V	640	+65	h10.75	—	2.4	—
§72	F.P.	13/6	74	70	‡Splash Prods. 10p	70	......	u3.27	1.6	6.6	13.6
§140	F.P.	6/6	141	118	Tech. Prods. Ser. 10p	118	......	u2.49	3.2	3.0	14.9
160	F.P.	6/6	185	172	Tip Top 10p	173	–2	R2.0	3.7	1.6	23.3
§100	F.P.	23/6	102	94	‡Usher (Frank) 5p	94	......	u4.5	1.9	6.7	11.2
145	F.P.	20/6	158	150	Westbury 10p	154	–2	u4.1	3.1	3.8	12.2
§110	F.P.	26/6	142	123	Worcester 10p	142	......	u3.91	2.2	3.9	14.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or –
¶99.50	£10	—	9¼	9	Bristol Water 9.8% Red Deb '96	9¼	......
¶99.256	£30	29/8	30¼	29	Brit. Alcan Aluminium 10⅞% Deb. 2011	29½	–½
91	F.P.	—	99½	99	Brit. Emp. Secs. 10⅞% Deb. 2011	99	......
¶94.265	£25	31/10	25⅝	25	Brixton Est. 9.5% 1st Mort Deb 2026	25	–¼
100	£10	14/8	10¼	9¼	Cambridge Water 10% Red Deb '96-98	9¼	......
109.89	£40	29/8	40	38¼	Estates & Gen. 11¼% 1st Deb. 2018	39½	+¼
97.963	£25	24/10	25⅛	22⅞	Gt. Portland 9½% 1st. Mort. Deb. 2016	23⅛	–⅛
105.523	£25	21/8	26	22½	Land Securities 10% 1st. Mort. Deb.25	23⅛	–⅛
¶99.951	£40	14/7	42	38¼	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	39½	+1
¶99.798	£25	24/9	24⅝	22⅞	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	23⅛	–⅛
100	£10	14/8	10¼	9½	Mid Southern Water 10% Red Deb '95-98	9¼	......
—	F.P.	—	100⅛	99⅞	Nationwide Bld Soc 9⅞% 18/5/87	100⅛	......
—	F.P.	—	100⅛	100	Do 9⅞% 15/6/87	100	–⅛
¶99.625	£40	30/6	41¼	37⅞	Peel Hldgs. 9⅞% 1st. Mort. Deb. 2011	38	–⅛
¶87.179	£30	26/9	30⅞	29⅛	Portugal 9% Ln. 2016	29⅞	–⅛
¶99.888	£40	1/8	44	41	Queens Moat 10¼% 1st. Mort. Deb. 2020	41¼	–¼
¶99.480	£25	18/7	31⅛	24⅞	S.E. 10⅛% Mort. Deb. 2016	27	–⅛
¶99.50	£10	28/8	9¼	9	Sund. & S. Shields Wtr 9.8% Rd Db '96	9¼	......
99.073	£25	8/8	25¼	24½	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	24¼	–⅛
£100	£50	12/9	50¼	48⅞	Witan Inv. 8½% Deb 2016	49⅛	–⅛
¶100	£10	14/8	10¼	9½	York Water 10% Red. Deb. 1996/98	9½	......

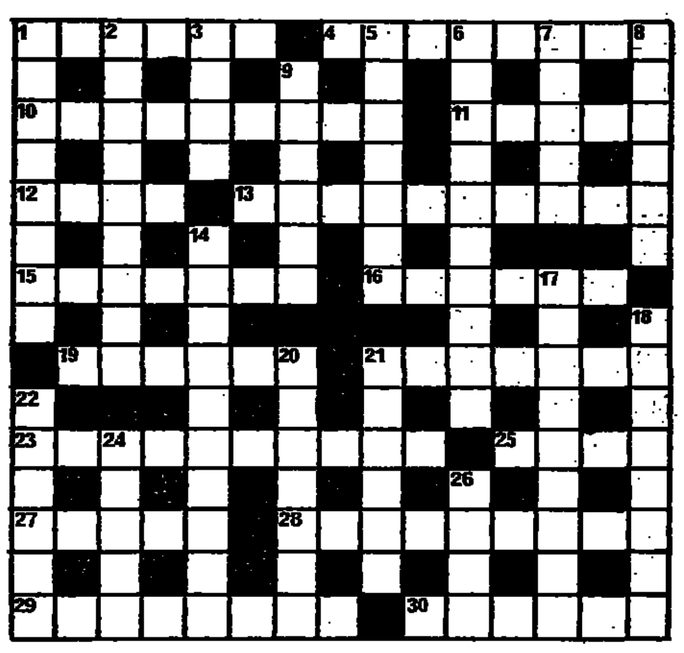
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –
355	Nil	18/7	55pm	50pm	Berkeley Group	50pm	......
110	Nil	11/7	29pm	22pm	Britannia Arrow	28pm	–1
200	Nil	4/7	175pm	140pm	Cater Allen £1	140pm	–5
190	Nil	8/8	45pm	38pm	Clifford's Dairies	38pm	–7
170	Nil	8/8	27pm	25pm	Do A N/V	25pm	–2
30	Nil	18/7	11pm	4pm	Feedex Agricultural 10p	9pm	–2
300	Nil	24/7	45pm	35pm	Garrard & Natl.	38pm	......
225	Nil	11/7	32pm	11pm	Harris Queensway 20p	14pm	–2
235	Nil	18/7	28pm	18pm	Lep. Group 2p	18pm	–2
235	Nil	11/7	27pm	15pm	McCarthy & Stone 20p	15pm	......
56	Nil	7/7	15pm	8pm	Micro Bus. Systems 5p	15pm	......
45	Nil	11/7	50pm	43pm	Molynx 20p	48pm	......
200	Nil	18/7	265pm	250pm	Nat West Bank £1	253pm	+3
18	Nil	25/7	2pm	1pm	Neil & Spencer 10p	1pm	–1
2	Nil	15/7	1pm	¼pm	‡Property Trust 'W' 1p	¼pm	......
608	Nil	22/7	190pm	155pm	Prudential Corp	160pm	–10
275	F.P.	3/7	330m	310m	Robinson (Thos.)	315m	......
½	Nil	11/7	2¼pm	1½pm	Rotaprint ½p	1½pm	–¼

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. || Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment price. ‡ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ¢ Dealt in under 535 (4) (a) †† Official London listing.

F.T. CROSSWORD PUZZLE No. 6,044

GRIFFIN



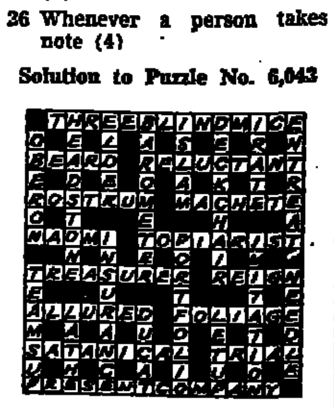
ACROSS

1 Turning, saw the man murdered (6)
4 Offers to produce about ten, in iron (8)
10 I teach Pat another way to be indifferent (9)
11 Assign the middle half to Abraham's nephew (5)
12 Curse, having to return about mid-day on the 2nd (4)
13 After an apple core covered in stew, there's port! (10)
15 Having bad heart, warily running round the track (7)
16 Man on board that is a raw recruit (6)
19 Said "yes, the old soldiers are to be admitted" (6)
21 Dawn is to appear after a great luminary (7)
23 The old chemist twisted a chary poet (10)
25 She has the backing of a clergyman (4)
27 Are returning the article to a stadium (5)
28 Dante is wrong to include "provide the accused person" (9)
29 Put it a different way; the front door key is a gift! (8)
30 Arranged to return before the man is tried (6)

DOWN

1 Tired when carrying piano on in one's arms (8)
2 Suddenly frightening a bird, Tom's first in (9)
3 It provides a sound return (4)
5 About to screen rally (7)
6 Tolerate parking on it, changing point of view (10)
7 Yarn only ordered by leading needleworkers (5)
8 Peg beneath carriage seat (6)
9 Strongly built old copper, unusually rusty on the outside (6)
14 There is very little in "The Arts" production, beloved (10)
17 Travelling North-East in the train, it shattered (9)
18 Left member caught in the act (8)
20 Firm detectives in action (7)
21 Struggle as the fathead tries cavorting around (6)
22 Prohibit two articles which can be eaten (6)
24 Finished last night, it is open (5)
26 Whenever a person takes note (4)

Solution to Puzzle No. 6,043



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Counties & Equity Tst	48.6	51.8	-0.6	7.70
Growth Trust	50.7	54.0	-0.7	2.27
Income Trust	53.8	57.3	-0.5	5.11

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	67.8	71.3xd		1.96

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y G T	117.7	125.3xd	-0.9	3.54

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel. 0908 606101/660888

Current Series				
Property Fund	111.8	117.7		—
Money Fund	218.1	229.6	+0.1	—
Managed Fund	400.7	421.8	-0.6	—
Equity Fund	250.2	263.4	+0.2	—
Fixed Interest Fund	150.7	158.7	-0.4	—
Far East Fund	180.6	190.2		—
North American Fund	188.9	198.9	-0.7	—
Natural Resources Fund	132.7	139.7	-0.9	—
S U N Flag Fund	173.5	110.0	-0.8	—
Pension Managed Fund	376.9	396.8	-0.6	—
Pension Equity Fund	241.1	253.8	+0.8	—
PBR Fund	121.3	127.7		—

For other prices please telephone 0908 606101/660888

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy May 9		105.8		—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser 1	204.2	215.0	+0.7	—
Equity Ser. 1	102.4	107.8	-1.5	—
Prop Acc Ser 2	274.9	289.4	+0.2	—
Equity Ser 2	108.5	114.3	-1.5	—
Selective Acc	235.1	247.5	-1.7	—
Prop. Ser 4	217.0	228.5	+0.1	—
Equity Ser 4	112.2	118.2	-1.3	—
Fixed Int Ser 4	193.9	204.2	-1.6	—
Indexed Ion Ser 4	116.3	122.5	+0.2	—
American Ser 4	262.2	276.0	-4.5	—
High Inc. Ser. 4	279.8	294.5	-2.5	—
Japan Ser 4	227.6	239.6	-0.8	—
Man Ser 4	348.5	366.9	-2.9	—
Money Ser 4	193.1	203.3	+0.3	—
European Ser 4	107.9	113.6	-0.3	—
Pension Funds				
Property	351.2	369.7	+0.4	—
Equity	753.3	793.0	-11.2	—
Selective	247.7	260.8	-1.8	—
Managed	610.0	642.2	-6.1	—
Security	330.8	348.3	+0.6	—
Fixed Int	205.1	215.9	-1.3	—
European	167.0	175.8	-0.4	—
American	219.7	231.3	-4.8	—
Japan	233.8	246.2	-1.0	—

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	127.9	134.7	-1.4	—
Equity	147.8	155.7	-2.0	—
Property	107.5	113.2		—
Gilt & Fixed Interest	117.0	123.3	-1.1	—
Indexed Securities	102.5	107.9		—
Cash	105.8	111.4	+0.1	—
North American	107.2	112.9	-1.1	—
Far East	114.9	121.0		—
International	117.0	123.2	-0.9	—
Special Situations	138.7	146.1	-1.6	—
International Income	134.9	142.1	-1.3	—
American Income	110.6	116.5	-0.8	—
European	128.5	135.3	-0.7	—
Flexible Retirement Plan				
Mixed	130.8	137.7	-1.0	—
Equity	144.2	151.8	-1.0	—
Property	110.6	116.5		—
Gilt & Fixed Interest	125.3	132.0	-0.2	—
Indexed Linked	106.5	112.2	-0.1	—
Cash	113.2	119.2		—
North American	112.1	118.0	-2.0	—
Far East	123.3	129.8	-0.9	—
International	122.3	128.8	-1.5	—
Special Situations	154.1	162.3	-2.3	—
European	140.1	147.5	-1.0	—
Executive Investment Pension Plan				
Prices on June 4. Unit dealings on Wednesday				
Cash Fd.	135.4	142.6		—
Mixed Fd	190.5	200.6		—
Fixed Int. Fd.	154.7	162.9		—
UK Equity Fd	222.0	233.7		—
Property Fd	128.6	135.4		—
Overseas Fd	182.5	192.2		—
Index Linked Fd	113.6	119.6		—
Stock Ex. Fd	154.2	162.4		—

INSURANCE, OVERSEAS & MONEY FUNDS

Brown Shipley Fund Mgmt (CI) Ltd
PO Box 583, St Helier, Jersey 0534 74777

Sterling Bd(Hi)(Daily)	11.15	21.55	-0.10	9.44
Sterling Cap (Daily)	21.18	21.20		—
Intl Bond (Daily)	$13.75	14.49	-0.07	6.14
Int Currency (Wed)	1.21	1.29		4.84

Butterfield Management Co Ltd
PO Box 195, Hamilton, Bermuda

Buttress Capital		$14.15	+0.10	—
Buttress Equity Acc	7.40	7.79	-0.09	—
Buttress Inc Acc	4.54	4.69	-0.01	—

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

CAL C&C*	39.2	41.3		—
CAL Metals**	17.9	18.8		—

*Dealings Monday. **Dealings daily

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda (809-29) 55950

CAL Futures Fund	134.75	137.50	—

Capital International
43 Boulevard Royal, Luxembourg

Capital Int. Fund	$58.16	—

Foreign & Colonial Management Ltd
1 Laurence Pountney Hill, London EC4 01-623 4680

F&C Atlantic June 4	$17.68	—
F&C European June 4	$24.34	—
F&C Oriental June 4	$43.60	—

Weekly dealings

14 Mulcaster Street, St Helier, Jersey 0534 27471
Foreign & Colonial Reserve Asset Fund

A—Short Term US$	$10.26	6.79
B—Short Term Man'ncy	$12.45	7.34
X—Short Term £	£10.10	11.71
C—US$ Bonds	£17.52	7.45
D—Multic'ncy Bonds	$14.74	5.98
E—Sterling Bonds	£11.69	8.90
F—D Mark Bonds	DM10.32	5.05
G—Yen Bonds	Y1026.15	6.64
H—Ecu Bonds	Ecu10.72	6.67
M—US Equities	$11.75	6.45

Formosa Fund
c/o Hoare Govett Asia Ltd, Heron Hse, 319-325 High Holborn WC1 01-404 0944
NAV NT£423.1 IDR value US$11.088.

Framlington Overseas Fund Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481-26541

Far East Fund	£0.693	0.729	+0.012	—
Income & Growth	£0.676	0.711		3.25
Managed Portfolio	£0.601	0.632	+0.005	0.4

Hill Samuel Investment Mgmt Intl SA
Jersey, PO Box 63 Telex 4192274 Tel 0534 76029
Berne, PO Box 2622 Telex 912250 Tel 4131 224051

Holborn Fund Mngmt (Guernsey) Ltd
PO Box 61, Bermuda Hse, St Julian's Ave, St Peter Port, Guernsey 0481 26268

HEL Britannia Int Ass Ltd
Acorn House, Athol St, Douglas, IoM 0624 24924

NM Income & Gwth Fd
2 Boulevard Royal, Luxembourg

Nat. Westminster Jersey Fd. Mgrs. Ltd
23/25 Broad St, St Helier, Jersey 0534 70041

Newport International Management
Bank of Bermuda Bldg, Bermuda 809 295 4000

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141

High Int Chq Acc	9.87	7.38	10.67	Qr

NOTES—Gross, rate to those exempt from composite rate of tax. Net, actual rate after deduction of CRT. Gr Equiv CAR Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	12
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit Telecom	17	TI	42
Brown (J)	3	Tesco	30
Burton Ord	22	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit Oil & Min.	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
Imps	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Tide turns for Indian silver smugglers

By P. C. Mahanti in Calcutta

INDIA'S long-established illicit trade in silver has reversed its flow in response to rising prices on the protected internal market and depressed levels on the free world market. With prices in Bombay and Calcutta now nearly double the 343p a troy ounce quoted on the London bullion market the smugglers who used to defy the country's export restrictions in order to cash in on higher world market prices are now bringing silver into the country illegally.

The inflated Indian silver price has resulted from a combination of the country's total ban on imports and growing demand from both the industrial and jewellery sectors. Industrial demand has trebled over the past two years to about 600 tonnes a year while jewellery demand has grown sharply to about 300 tonnes a year.

The growth in jewellery demand for silver has been encouraged by a sharp rise in the price of gold on the internal market, which is also isolated from the world market by a total import ban.

India has a hoard of silver estimated at about 100,000 tonnes, but it produces no silver of its own.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,690-2,760.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.60-2.90.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 1.03-1.08, sticks, 1.04-1.09.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.15-6.45.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 218-228.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.70-2.75.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.50-5.00.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 47-56.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.50-2.55.

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 17.25.

Chinese offshore oilfield on stream in August

BY COLINA MACDOUGALL

PEKING'S first offshore oilfield in the South China Sea will come on stream in early August, the French company developing the site in a joint venture with the Chinese announced yesterday. But applause for this success is likely to be muted since the French side, Total-Compagnie Francaise des Petroles, believed production would not be economic even two years ago, when oil prices were much higher.

The field is located in the Gulf of Beibu, west of Hainan Island. Total-CFP said that the company plans to carry out trial production for two to three years, before considering further development. Production is expected to be around 20,000 barrels a day, but facilities in the field could handle up to 30,000.

Total began drilling in 1980 under a shared-risk contract (unlike later deals in which the foreign company assumed all risks) and struck oil in 1982. With the oil price then at $30 compared to $35 two years before, the French side maintained production was not commercial and pulled out. However, the Chinese agreed to more favourable terms and development resumed a year later.

While five contracts in China's second round of bidding for offshore rights, in which 24 companies participated, have so far been signed, oil majors express deep gloom about the future. Believing that oil fields are small and not worth development at anything like present prices of around $12, British Petroleum and others are severely cutting China staff.

The only significant find in more than five years of work and after around $1.5bn worth of expenditure has been a substantial gas field off Hainan by Atlantic Richfield. Together with Santa Fe Minerals Asia, they last year signed a $500m deal with the China National Offshore Oil Corporation to develop the gas for transmission to the Shenzhen Special Economic Zone and Hong Kong.

Oil price pressure 'to continue'

BY GERRARD McLUSKEY IN AMSTERDAM

OIL PRICES face continuing downward pressure for a period of at least five years unless some form of workable market management is accepted and implemented, a senior Venezuelan oil executive said yesterday. Dr Alirio Parra, board member of Petroleos de Venezuela and managing director of PDV (UK) told a coal conference in Amsterdam: "In the absence of any restraint on supplies oil prices will continue *to fluctuate sharply with the low end in the range of $6 to $10 per barrel*."

He joined the pleas of other members of the Organisation of Petroleum Exporting Countries for restraint by non-Opec oil producers.

"These non-member countries if they co-operate could give considerable support in reaching rational policies and would obviously increase the cohesion of all producers," he said.

Opec ministers believe that non-Opec countries might be prepared to cut production by 500,000 barrels per day, *if they were persuaded that the Opec countries were about to strike* a credible agreement on production cuts.

Dr Parra said a recent meeting of five Opec Ministers at Taif, Saudi Arabia, had reached an understanding that the appropriate prices should be between $17 and $19 a barrel.

He added that the current level of demand for Opec oil suggested consumption of 17.5m barrels a day for the year, with a somewhat higher level in the fourth quarter of 1986 and the first quarter of 1987.

The market had changed radically in the past 12 months with long term contracts having vanished almost completely.

Rustenburg to build £65m SA platinum refinery

BY STEFAN WAGSTYL

RUSTENBURG Platinum Mines, the world's largest platinum mining company, yesterday announced plans to build a R250m (£65m) refinery near its mine in Bophuthatswana, South Africa.

The plant, to be commissioned in early 1989, will replace primary platinum refineries in Royston, UK, and in Wadeville, near Johannesburg, where Rustenburg metal is now refined. The move will mean that primary platinum will no longer be refined in the UK and that virtually all South African-mined platinum will be refined in the country, since other major producers already refine all their metal in South Africa.

The new refinery is to be operated by Matthey Rustenburg Refiners, a joint venture between Rustenburg Platinum Mines and the UK-based Johnson Matthey precious metals group which runs the Royston refinery. However, Rustenburg Platinum Mines, which is controlled by Johannesburg Consolidated Investment, will meet the cost of building the plant and of eventually running down primary production at Wadeville and Royston. Royston will continue to process scrap platinum.

Sri Lanka opens sugar complex

By Mervyn de Silva in Colombo

SRI LANKA has opened its largest agro-industrial project. The Pelwatte Sugar plantation and factory complex will produce 47,000 tonnes of sugar a year, meeting 20 per cent of the island's requirements and saving Rs 300m ($10.2m) a year in foreign exchange.

The Pelwatte Sugar Company, which was floated in 1981 with equity capital of Rs 2.7bn of which a little less than 50 per cent was invested by the government. Booker Agriculture International (BAI) of the UK, the corporate manager of the PSC, raised the rest of the capital.

Fishing boat diplomacy round the Falklands

BY JIMMY BURNS IN LONDON AND TIM COONE IN BUENOS AIRES

JUST A few months ago fishing seemed to most officials concerned with the Falklands problem the one issue on which Britain and Argentina could find some substantive agreement. Now the subject has driven a wedge between the two nations, evoking ominous memories of the Falklands war in 1982.

The issue resurfaced with a vengeance at the end of last month when an Argentine coast guard vessel fired on a Taiwanese fishing boat inside territorial water claimed by Argentina and just a few miles outside the military exclusion zone set up by the British around the islands.

The incident came as a result of Argentina's apparent resolve to protect its fishery resources against foreign depradation and to keep alive the sovereignty issue over the Falklands.

British officials have taken little comfort from the fact that the boat was not sunk and that no British war ship was close by, contrary to what early alarmist reports suggested. Instead they have expressed themselves "not encouraged" by the tone of an Argentine Foreign Ministry statement issued in response to an early protest from Whitehall. Far from excusing the incident, the Argentine Foreign Ministry justified it in terms of a legitimate self-defence against an instrusion into Argentine waters by the Taiwanese. The only guarantee that such incidents would not be repeated, it warned, would be the future respect of foreign boats for "Argentine laws and norms." The reasons why a government that has always emphasised its non-belligerence should now be adopting the kind of trigger-happy, get tough policy so beloved of the juntas are difficult to access.

Argentina, a signatory of the UN Law of the Sea Charter, believes it has an internationally recognised right to an exclusive economic zone up to 200 miles from its mainland. Britain is not a signatory of the charter. Moreover Argentina's economic zone overlaps with the military exclusion zone from which Argentine vessels are effectively barred. (Theoretically Argentine fishing boats are allowed into the area if they seek the permission from the British although this is regarded by Buenos Aires as an unacceptable recognition of a territory it claims as its own.) Argentina feels it has a right also to a 200-mile zone around the Falklands as part of its sovereignty claim to the islands. "We have been insisting that the ring between the exclusive zone and the 200-mile limit around the Malvinas must also be patrolled (by Argentina), andis our understanding that it is what is now being done," says Mr Alfredo Pott, the president of the Argentine Trawler Association (Capeca).

Within Argentine government circles however a serious and potentially dangerous confusion exists as to what exactly Argentina intends patrolling to protect its fisheries.

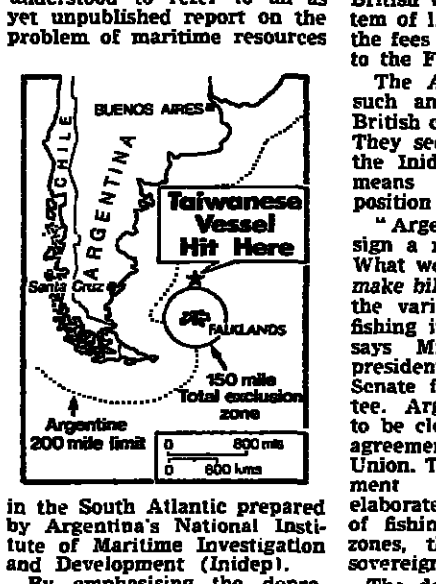
The Taiwanese trawler was machine-gunned outside the 200-mile limit off the Argentine mainland but within 200 miles of the Falklands.

According to the Argentine Foreign Ministry statement, the Government had abstained from exercising its legitimate right to police within the protection zone to avoid accentuating tensions with Britain—an apparent reference to a message sent earlier to Buenos Aires via the Swiss embassy urging the Alfonsin Administration to avoid military actions in the South Atlantic. However the statement went on, "this does not imply a renunciation of (Argentina's) legitimate rights over the zone . . . or the obligations of a coastal state to conserve and administer the live resources of the sea."

The Taiwanese trawler was only the latest in a growing list of foreign boats operating in the South Atlantic which have been intercepted by Argentine patrol craft in recent months. Now fishing industry officials are hinting that action may increasingly be taken not only against foreign vessels operating within 200 miles of the mainland but also against refrigerated cargo boats which carry stocks fished inside the *exclusion zone. Two days before* the attack on the Taiwanese trawler, ambassadors from European, Asian and Comecon countries were informed by the Foreign Ministry in Buenos Aires that the Government had decided to strengthen specific measures of surveillance including the imposition of a minimum fine to $250,000.

According to the Ministry this was a "consequence of the careful analysis regarding the serious depradation that the increasingly taking place, due to undiscriminatory fishing on the part of foreign vessels."

The "careful analysis" is understood to refer to an as yet unpublished report on the problem of maritime resources



in the South Atlantic prepared by Argentina's National Institute of Maritime Investigation and Development (Inidep).

By emphasising the depredation of stocks in South Atlantic waters as a result of a lack of adequate regulation, Inidep finds common ground with a study prepared in December for the Foreign Office by Imperial College's Centre for Environmental Technology. Where the Argentines differ with the British is in increasing the number of species analysed to include *joint stocks which inhabit both* Falklands waters and the Patagonian Shelf off the Argentine mainland.

By extending the scope and scale of its analysis to include a reference to the potential of the Argentine fishing fleet and the effectiveness of Argentine regulation prior to the Falklands war, Inidep implicitly reaffirms Argentina's claims to the Falklands and its surrounding *sea, and the country's readiness* to exercise effective policing over the entire area.

Both reports were initially prepared as part of a joint decision to collaborate with the United Nations Food and Agriculture Organisation's feasibility study on fisheries in the South Atlantic.

The FAO initiative is regarded by the British as a first step towards the eventual setting up of a multinational fisheries agreement in which several nations would be involved in the management and control of the area. As part of such an agreement the British would like to see a system of licences instituted, with the fees in part or whole going to the Falklands Islands.

The Argentines believe that such an arrangement implies British control and sovereignty. They seem to have elaborated the Inidep report as a means of restating their position before the UN.

"Argentina is not going to sign a multilateral agreement. What we are prepared to do is *make bilateral agreements* with the various countries that are fishing in the South Atlantic," says Mr Adolfo Gass, the president of the Argentine Senate foreign affairs committee. Argentina is understood to be close to signing such an agreement with the Soviet Union. The terms of the agreement will be carefully elaborated to refer to controls of fishing species rather than zones, thus side-stepping the sovereignty issue.

The deal, which is expected to be followed by similar arrangements involving other Eastern European fleets operating both in Falklands waters and off the Argentine mainland may help preserve stocks, boost Argentine budget revenue, and even lead to a revival of the flagging Argentine fishing industry. But it is unlikely to contribute to peace in the South Atlantic.

Reports of such moves coupled with the apparent failure of recent voluntary restraint agreements signed between Britain and a limited number of countries in limiting fishing has placed Britain in a difficult predicament.

Britain continues to resist imposing its own territorial zone of 150 miles or 200 miles for fear of risking a confrontation with Argentina and of obliging a costly defence effort for the islands.

But for Britain to stand back and do nothing now that the multilateral effort appears to have hit a brick wall could risk being interpreted in Buenos Aires as proof that Whitehall really has no interest in the heart of the matter: sovereignty. To a growing number of Falklands watchers, the fishing problem has a worrying element of *deja vu*.

LONDON MARKETS

THE LONDON Metal Exchange aluminium market settled back into a more normal trading pattern yesterday as signs that the recent extreme tightness of supplies available for nearby delivery was easing allowed the cash premium over three the three months position to narrow significantly. Talk of the imminent arrival of Soviet material encouraged selling of cash metal, which ended the day £51.50 lower at £798.50 a tonne. And with the three months position closing only £13 down at £783.25 a tonne the premium came down to £15.25 a tonne. There is still some way to go, however, before the normal situation of cash metal being at a discount to three months is re-established.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	797-800	—51.5	—
3 months	785-5.5	—13	799/779

Official closing (am): Cash 810-5 (885-90). three months 785.5-6.5 (797-8). settlement 815 (890). Final Kerb close: 347-8.
Turnover: 42,175 tonnes.

COPPER

	Unoffic'l close	+ or —	High/low
Cash higher grade	952 2.5	—9.25	964/962
3 months grade A	955-3.5	—8.25	962/950

Official closing (am): Cash 963.5-4.5 (958 5-9). three months 963.5-4.5 (958 5-9). settlement 964.5 (959).
Final Kerb close: 951-2.

Cash Cathodes	940 2	—8.5	942/942
3 months standard	940-3	—6.5	—

Official closing (am): Cash 952-4 (946-50). three months 950-2 (945.5-6). settlement 954 (950). US Producer prices 67/72 cents per lb.
Total turnover: 38,125 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	271.5-2.5	—5	272/270.5
3 months	276.5 7.5	—0.5	281/275

Official closing (am): Cash 270.5-1 (281-1.5). three months 275-5.5 (282-2.5). settlement 271 (281.5). Final kerb close: 276-5.5.
Turnover: 8,425 tonnes. US Spot: 19/22 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2742.50	—16.5	2785/2780
3 months	2749-50	—18	2790/2745

Official closing (am): Cash 2780-2 (2725-30). three months 2780-5 (2740.5). settlement 2782 (2730). Final kerb close: 2745-50.
Turnover: 990 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Close —— (14.10) ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	541-3	+0.5	—
3 months	543.5-4.5	+0.5	552/541

Official closing (am): Cash 539-40 (544-5). three months 542-2.5 (546-7). settlement 540 (546). Final kerb close: 543.5-4.
Turnover: 9,825 tonnes. US Prime Western: 36/38.75 cents per lb.

GOLD

Gold showed its biggest one day rise for nearly four months in the London bullion market yesterday, finishing $7 an ounce up from Monday's close at $348¾-349¼. This was its best close since late March and reflected a sharp rise in platinum prices amid fears of disruption to supplies in South Africa because of further riots. It opened at $348½-349 and traded between a high of $349¾-349¾ and a low of $348¾-347¼.

GOLD BULLION (fine ounce) June 10

Close	$348¾ 349¼	(£230-230½)
Opening	$348½ 349	(£232½-233)
M'n'g fix	$347.55	(£230.930)
Aft'n'n fix	$347.70	(£228.778)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$348½ 349	(£229½ 230)
½ Krug.	$183¾ 184½	(£120¾-121½)
¼ Krug.	$93¼-94¼	(£61½-62)
1/10 Krug.	$37¾-38¼	(£24¾ 25¼)
Mapleleaf	$358¾ 359¼	(£236¼-236¾)
Angel	$358-360	(£235¾ 237)
1/10 Angel	$36-41	(£23¾-27)
New Sov.	$83 83½	(£54¾-55)
Old Sov.	$87½ 89	(£57½-58½)
$20 Eagle	$430-470	(£283¼ 309½)
NoblePlat	$453¾-458¼	(£299-302¼)

SILVER

Silver was fixed 7.8p an ounce higher for spot delivery in the London bullion market yesterday at 351.45p. US cent equivalents of the fixing levels were: spot 528.75c, up 14.15c; three-month 537.45c, up 14.4c; six-month 546.75c, up 14.66c; and 12-month 564.6c, up 14.6c. The metal opened at 354½-356p (531½-533½c) and closed at 352½-354p (535-537c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
spot	351.45p	+7.80	352.5p	+4
3 months	359.45p	+7.80	360.5p	+4.75
6 months	367.50p	+8.30	—	—
12 months	382.25p	+8.05	—	—

LME—Turnover: 5 (6) lots of 10,000 oz.
Cash high/low 352p: three months high 361p, low 359p, final kerb 360-1p.

MEAT

Pigmeat futures closed little changed in quiet market conditions and beef futures closed on a slightly steadier note but volume remained poor, reports Eastern Capital CCST.

Month	PIGMEAT Y'day's close	+ or —	BEEF Y'day's close	+ or —
July	105.00	—0.50	195.00	+10.0
Aug	103.30	—0.60	186.50	+1.00
Sept	110.00	—0.20	185.00	—

Pigmeat sales: 28 (23) lots of 50 carcases, 3,250 kg.
Beef sales: 2 (2) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 104 58p per kg lw (−0.23). GB—Sheep 41.40p per kg est dcw (−2.17). GB—Pigs 81.08p per kg lw (+0.66).

INDICES

REUTERS

June 10	June 9	M'th ago	Year ago
1567.8	1582.0	1785.1	1776.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 9	June 6	Month ago	Year ago
Spot	125.51	125.20	—	118.03
Fut.	115.00	115.55	—	121.15

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	June 10 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1555/555	—90	$1500/520
Copper			
Cash h Grade	£952.25	—8.25	£923
3 mths	£953.25	—8.25	£934.25
Gold Troy oz	$349	+7	$343
Lead Cash	£272	—3	£244.5
3 mths	£277	—0.5	£247.75
Nickel			
Free Mkt	186/210c	+5	185/205c
Palladium oz	$111.75	+3	$109.75
Platinum oz	$440.25	+17.75	$419.15
Quicksilver†	$210/220		$220/230
Silver troy oz	351.45p	+7.80	335.70p
3 months	359.45p	+7.80	342.0p
Tin			
free mkt	£3620/960	—35	£5480/91
Tungsten	$59.13	.....	$62.07
Wolfram 22.01b	$42/50	.....	$46/55
Zinc	£542	+0.5	£452.5
3 months	£544	+0.5	£463.5
producers	$800		$700/730
OILS			
Coconut (Phil)	$250u	—5	$245
Palm Malayan	$247.5z	+5	$245
SEEDS			
Copra Phil	$160u	.....	$156
Soyabean (U.S.)	$150y	—1	$154
GRAINS			
Barley Fut.Sept.	£98.40	+0.25	£98.00
Maize	£138.00		£142.00
Wheat Fut Sept.	£99.75	+0.15	£117.65
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1342.5	—22	£1295
Coffee Ft. Sept	£1873	—14.5	£1902.5
Cotton A Ind.*	41.95c	—0.3	45.75c
Gas Oil July	$115.75	+1.25	$131.75
Rubber (kilo)	57.5p	—0.5	58p
Sugar (raw)	$164.5u	—8.5	$204.5
Wooltops 64s	422p kilo		425p kilo

‡ Unquoted. † Per 75 lb flask. c Cents per pound. z July. u June-July. y July-August. * Cotton outlook.

COCOA

After opening steadier than due, futures drifted lower under pressure from firmer sterling. Apart from some light industry offtake, actuals were neglected, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1317-1320	—19.5	1338-1316
Sept.	1342-1343	—22.0	1365-1338
Dec.	1381-1382	—19.0	1392-1377
March	1409-1410	—20.0	1471-1408
May	1429-1430	—19.0	1457-1427
July	1445-1450	—19.0	1452-1445
Sept.	1460-1462	—19.0	1478-1480

Sales: 2,356 (1,426) lots of 10 tonnes.
ICCO indicator prices (US cents per pound). Daily price for June 10: 87.90 (88.24); five-day average for June 11: 87.56 (87.02).

COFFEE

Futures fell a further £60 before finding industry interest. The market then recovered on mixed trade and commission house buying and these levels were maintained to the close, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
July	1831-1832	—16.5	1857-1787
Sept.	1872-1874	—14.5	1877-1828
Nov.	1910-1915	—20.0	1915-1872
Jan	1940-1945	—30.0	1950-1916
Mar.	1955-1960	—25.0	1970-1958
May	1965-1970	—25.0	1980-1968
July	1965-1985	—30.0	—

Sales: 5,837 (3,575) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for June 9: Comp. daily 1979 154.82 (180.94); 15-day average 163.36 (165.00).

SOYABEAN MEAL

	Latest close £ per tonne	+ or —	Business Done
June	125.8-126.0	+0.25	—
August	124.5-125.0	—0.10	124.8
October	124.5-124.8	—0.86	—
Dec.	124.5-125.8	—0.75	125.0-124.5
Feb.	127.0-128.0	—0.50	—
Apr.	128.0-129.0	—0.50	—
June	127.5-129.8	—0.25	—

Sales: 53 (60) lots of 20 tonnes.

GRAINS

Old crop wheat, after easing fractionally, found shipper short-covering in thin volume, while new crops steadied on further trade speculation over the implementation of the EEC's co-responsibility levy, reports T. G. Roddick.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
July	112.75	.....	—	—
Sept.	99.75	+0.15	98.60	+0.25
Nov	102.35	+0.20	101.75	+0.25
Jan	105.25	+0.20	104.80	+0.25
Mar	107.80	+0.15	107.40	+0.25
May	110.15	.....	108.55	+0.25

Business done—Wheat: July 112.95-2.65, Sept 99.75-9.70, Nov 102.30-2.05, Jan 105.25-5.05, March 107.90-7.75, May untraded. Sales: 142 lots of 100 tonnes. Barley: Sept and Nov untraded, Jan 104.90-4.75, March and May untraded. Sales: 6 lots of 100 tonnes.

LONDON GRAINS—*Wheat:* US *dark* northern spring No 1 15 per cent July 103.00, Aug 102.25, Sept 98.25 transhipment east coast. US No 2 soft red winter July 90.60, Aug 91.25, Sept 92.75. EEC first-half June 130.00. English feed fob spot 116.75-117.00, Sept 100.50-101.50, Oct 103.50-104.00, Oct/Dec 105.50-106.00, Jan/March 110.50-111.00 buyer/seller. Maize: US No 3 yellow/French transhipment east coast June 138.00. Barley: English feed fob July/Aug 98.50 buyer, Aug 99.00, Sept 100.00 seller, Oct/Dec 105.25-106.00, Jan/March 110.25-111.00 buyer/seller.

HGCA—Locational ex-farm spot prices. Feed barley: S. West 113.50, *W. Mids 114.90, N. West 114.90.* The UK monetary coefficient for the week beginning Monday June 16 (based on HGCA calculations using 5 days' exchange rates) is expected to change to 1.107.

SUGAR

LONDON DAILY PRICE—Raw sugar $164.50 (£109.50), down $8.50 (down £6.00) a tonne for June-July delivery. White sugar $192.50, down $6.00.

The market suffered another set back with long liquidation in the New York contract, reports C. Czarnikow.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	157.0-157.4	157.8-158.0	158.8-155.
Oct	161.8-162.6	162.2-162.6	164.6-158.
Dec	164.0-167.6	167.0-169.0	—
Mar	171.6-172.8	172.2-172.6	174.8-168.6
May	175.6-176.0	176.0-176.4	177.8-175.0
Aug	178.8-180.0	179.0-180.6	182.0-177.6
Oct	181.8-184.0	184.0-186.9	—

Sales: 6,002 (1,677) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £213.50 (£220) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for June 9: Daily price 6.81 (6.97); 15-day average 6.98 (7.03).

No 6 cif contract—Aug 170.0-6.5; Oct 174.0-81.0. Sales: 5 lots of 50 tonnes.

PARIS—FFr per tonne): Aug 1340 value, Oct 1365/1368, Dec 1385/1400, March 1433 value, May 1470/1485, Aug 1495/1505.

POTATOES

The market was extremely quiet, awaiting fresh news and direction, reports Coley and Harper.

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	87.30	87.30	—
Feb	97.00	97.00	—
Apr	119.40	119.60	119.50-118.90
May	130.00	129.50	—
Nov	87.50	87.50	—

Sales: 77 (406) lots of 40 tonnes.
Earlies—July 98.80, -8.20, 100.00; Aug 65.00, -10.00; Sept 64.50, -10.50. Sales: 10 lots of 10 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
	Dry Cargo		
July	635.6/635	634/631	636/638
Oct.	695/696	697/694	698/699
Jan.	717/718	718/716	720/721
April	784/787	785/784	785/790
July	702/710	705/702	705/710
Oct.	784/790	—	786/800
Jan.	905/865	—	810/900
Apr.	850/930	—	850/925
BFI.	664.0	—	665.0

Turnover: 246 (110).

	Close	High/Low	Prev.
	Tankers		
June	1010/1060	1090	1020/1080
July	990/1030	1000	1040/1080
Aug	980/1060	1000	990/1050
Sep	1000/1060	1025	970/1060
Dec	1060/1150	—	1050/1125
Mar	1200	—	1200
BTI	1191.5	—	1202.5

Turnover: 51 (33).

RUBBER

PHYSICALS — Closing prices (buyers): Spot 57.50p (58.00p); July 55.50p (56.00p): Aug 55.75p (56.25p).

FUTURES—Index 561, July 556-562, July-Sept 565-567, Oct-Dec 555-557, Jan-March 568-570, April-June 580-584, July-Sept 582-586. Sales: 0.

OIL

In a lacklustre market late July Brent sold at $11.90 and Ninian at $11.80. Nymex WTI for July opened 10c up and traded 8c up at 1.45 pm EDT. In the petroleum products market, all products were stable in little trade—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	10.10-10.20	−0.15
Brent Blend	11.55-11.65	+0.05
W.T.I. (1pm est)	12.60-12.70	+0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	165-169	−5
Gas Oil	112-113.5	—
Heavy fuel oil	50-53	—
Naphtha	115-117	—

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Ystrday's Close $ US per tonne	+ or —	Business Done
June	114.50	+0.75	115.50-12.50
July	115.75	+1.25	117.00-14.50
Aug	117.50	+2.25	118.25-16.00
Sep	120.00	+2.25	120.25-18.75
Oct	123.00	+2.75	123.00-21.00
Nov	125.50	+0.25	125.50
Dec	128.00	+2.50	128.00-27.50

Turnover: 2,298 (3,052) lots of 100 tonnes.

US MARKETS

PRECIOUS METALS declined from Monday night's strong close, reports Heinold Commodities. However, the markets kept a steady undertone with the South African situation continuing to lend support. Coffee lost nearly 8c from the previous day's close but recovered those losses through heavy short-covering to finish little changed on the day. Sugar dipped briefly below 7c in October where the market found good support from speculative short-covering. Wheat and maize were unchanged while soyabeans finished 4c higher.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	54.75	—	—	56.10
July	54.75	56.45	54.70	56.10
Aug	54.50	—	—	56.05
Sept	54.35	55.80	54.35	56.30
Dec	54.60	—	—	55.55
Jan	54.70	—	—	55.65
March	54.80	—	—	55.75
May	54.90	—	—	55.85
July	55.00	—	—	55.95
Sept	55.10	—	—	56.05

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1785	1805	1782	1788
Sept	1839	1866	1838	1848
Dec	1894	1916	1890	1899
March	1933	1953	1934	1940
May	1968	1980	1980	1975
July	1993	2000	2000	2010
Sept	2020	—	—	2037

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
July	183.09	184.20	178.10	183.43
Sept	186.70	187.50	180.25	188.18
Dec	193.00	193.00	193.00	197.00
March	196.55	196.55	196.55	200.55
May	199.75	199.75	199.75	203.75
July	202.00	202.00	202.00	206.00
Sept	204.00	—	—	208.00

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
June	63.75	—	—	64.00
July	64.00	64.50	63.95	64.25
Aug	64.10	—	—	64.40
Sept	64.15	64.55	64.10	64.30
Dec	64.45	64.85	64.40	64.55
Jan	64.55	—	—	64.65
March	64.75	65.10	64.70	64.85
May	65.00	65.40	64.90	65.10
July	65.20	65.70	65.35	65.35
Sept	65.45	—	—	65.60

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
July	67.43	68.05	66.72	67.37
Oct	33.48	33.50	33.00	33.37
Dec	33.83	33.88	33.37	33.77
March	34.70	34.70	34.20	34.58
May	35.60	35.60	35.20	35.46
July	36.30	36.48	36.18	36.46
Oct	36.90	37.20	36.90	37.20

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
July	12.61	12.90	12.50	12.63
Aug	12.58	12.83	12.50	12.61
Sept	12.68	12.90	12.56	12.72
Oct	12.70	12.98	12.69	12.81
Nov	12.80	13.05	12.80	12.90
Dec	12.91	13.20	12.90	13.00
Jan	12.90	12.97	12.90	13.00
Feb	12.90	13.02	13.00	13.00
March	13.01	13.20	13.01	13.00
April	13.05	13.10	13.10	13.00

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	348.1	350.5	347.7	351.1
July	349.5	—	—	350.6
Aug	351.2	353.0	350.5	354.2
Oct	354.6	356.7	354.0	357.6
Dec	358.2	360.2	357.4	361.2
Feb	362.1	362.8	361.5	365.1
April	365.9	—	—	368.9
June	369.8	371.0	368.5	372.8
Aug	374.1	374.0	374.0	377.1
Oct	378.4	379.0	378.0	381.4
Dec	383.0	384.0	383.8	386.0
Feb	387.8	389.0	388.0	390.8
April	392.7	392.5	392.5	393.7

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
July	36.25	37.45	36.15	36.59
Aug	36.70	38.05	36.50	37.27
Sept	37.60	38.70	37.50	37.94
Oct	38.50	39.50	38.50	38.84
Nov	39.55	40.50	39.40	39.74
Dec	40.25	41.30	40.20	40.59
Jan	40.85	41.85	40.85	41.24
Feb	40.90	42.15	40.90	41.24
March	39.50	40.00	39.50	39.74
April	37.80	38.10	38.10	37.74

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	100.35	100.50	98.70	98.50
Sept	100.50	100.50	99.00	98.85
Nov	101.50	101.50	100.30	99.75
Jan	102.70	102.50	101.75	101.11
March	103.75	103.75	103.00	102.15
July	105.20	105.20	105.00	103.85
Sept	105.80	—	—	103.55

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	435.3	—	—	445.7
July	436.4	446.0	435.0	446.8
Oct	440.4	450.0	439.8	450.8
Jan	442.9	451.5	442.5	452.8
April	445.6	456.0	446.0	465.5
July	449.1	457.0	453.5	459.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	534.4	537.0	537.0	537.7
July	536.5	542.5	534.0	540.0
August	539.8	—	—	543.3
Sept	543.2	549.0	541.0	546.6
Dec	553.2	560.0	551.0	556.4
Jan	556.8	560.0	559.0	559.8
March	563.1	572.0	562.0	566.2
May	570.1	579.0	567.5	573.9
July	577.3	580.0	575.5	580.0
Sept	584.9	584.0	582.0	587.4

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	6.96	7.10	6.53	7.15
Oct	7.21	7.28	6.98	7.25
Jan	7.35	7.30	7.10	7.45
March	7.68	7.73	7.40	7.76
May	7.83	7.84	7.60	7.53
July	7.95	8.00	7.83	8.06
Sept	8.11	—	—	8.22
Oct	8.13	8.13	8.05	8.23

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	53.65	54.35	53.50	52.77
August	50.97	51.47	50.55	51.05
Oct	50.47	50.90	50.20	50.40
Dec	52.42	52.77	52.20	52.32
Feb	52.50	52.60	52.25	52.50
April	53.97	54.00	53.70	54.00
June	55.05	—	—	55.85

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	52.17	52.50	51.90	52.05
July	49.05	49.60	48.75	49.30
August	45.95	46.52	45.67	46.17
Oct	41.80	42.20	41.50	41.95
Dec	42.20	42.62	42.10	42.17
Feb	41.70	42.20	41.70	41.90
April	38.65	38.75	38.60	38.75
June	40.72	40.85	40.60	40.85
July	41.20	41.35	41.05	41.22

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	236.4	237.2	236.2	237.0
Sept	201.2	202.0	200.2	201.4
Dec	194.0	195.0	193.4	195.0
March	203.6	204.6	203.6	204.4
May	208.4	209.4	208.4	209.6
July	209.0	210.2	209.0	210.2
Sept	198.4	199.0	197.6	198.6

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	68.72	71.25	68.65	70.62
August	67.02	69.25	66.95	68.80
Feb	59.85	60.70	59.32	[illegible]
March	59.00	60.00	58.75	59.80
May	61.00	61.40	60.50	60.00
July	61.10	61.10	60.50	61.00

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	532.6	533.0	529.4	530.0
August	524.6	525.2	521.2	522.0
Sept	511.6	511.6	507.6	508.2
Nov	508.2	508.6	502.4	504.4
Jan	517.2	517.4	512.2	514.0
March	526.4	526.4	521.4	524.0
May	533.0	533.0	527.4	529.4
July	536.2	536.4	531.4	533.0
August	535.0	535.0	532.0	532.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	149.9	150.0	149.0	149.9
August	148.0	148.1	146.8	147.0
Sept	146.5	146.5	145.0	145.3
Oct	143.9	144.2	143.1	143.5
Dec	146.4	146.6	145.2	146.2
Jan	147.5	148.0	147.0	146.7
March	150.5	150.5	150.5	149.5
May	152.0	152.0	152.0	152.0
July	154.2	154.2	153.0	155.8

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	16.86	16.95	16.60	16.88
August	17.04	17.10	16.75	17.02
Sept	17.13	17.23	16.95	17.17
Oct	17.20	17.35	17.05	17.21
Dec	17.60	17.70	17.36	17.58
Jan	17.70	17.85	17.65	17.72
March	18.00	18.20	17.85	17.95
May	18.30	18.40	18.22	18.33
July	18.50	18.50	18.40	18.40

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	252.0	253.4	249.4	250.2
Sept	252.2	254.4	251.0	252.0
Dec	260.0	262.0	259.2	259.4
March	258.0	261.6	258.0	259.2
May	248.0	251.2	248.0	249.0
July	238.0	239.0	237.2	236.7

SPOT PRICES—Chicago loose lard 10.00 (same) cents per pound. Handy and Harman silver bullion 538.0 (525.0) cents per troy ounce.

China's non-ferrous imports down

CHINA'S IMPORTS of copper and alloy in April were 11,575 tonnes, down 64.2 per cent from April last year, the official China Economic News said quoting customs figures.

Imports of aluminium and alloy fell 34.6 per cent to 18,545 tonnes and zinc and alloy fell 49.4 per cent to 14,866 tonnes, Reuters reports.

Tighter rules for bureaux de change

A CAMPAIGN has been launched to make bureaux de change give a better service.

Under the new rules, they must display prominently "we sell" and "we buy" rates of exchange, as well as commission charges shown as percentages.

Customers will have to be supplied with receipts for every transaction and will also be able to cancel a deal before leaving the bureau.

A code of conduct for the bureaux has been drawn up as part of a voluntary national system by the London Visitor and Convention Bureau and the British Tourist Authority.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak, pound firm

The dollar lost ground in currency markets yesterday amid concern over a flagging economy and Mexican debt problems while sterling finished at its best level of the day as a sharp rise in UK money supply dented hopes of an early cut in base rates. The dollar opened slightly firmer, supported by higher US interest rates as Treasury bond and equity prices fell sharply on Monday afternoon.

However, there was no follow through buying and as economic fundamentals began to reassert themselves, so the dollar drifted back to finish towards the lower end of the day's range and well down from Monday's close. There were also growing fears that Mexico's ability to meet its debt repayments was in doubt, putting pressure on those US banks which are heavily exposed to Mexican debt.

The dollar touched a high of DM 2.2475 against the D-mark before coming back to close at DM 2.2185 down from DM 2.2355 on Monday. Against the yen it fell to Y166.85 from Y167.85 and SFr 1.8270 compared with SFr 1.8440. It was also lower in terms of the French franc at FFr 7.0725 from FFr 7.12. On Bank of England figures, the dollar's exchange rate index was 115.4 from 115.0.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. May average 1.5262. Exchange rate index 75.9 against 75.5 at the opening and 75.4 on Monday. The six months ago figure was 78.9.

Sterling finished at its best level of the day, helped by a weak dollar and a 3 per cent rise in M3 money supply. Against the dollar it rose to $1.5180 from $1.4980 and DM 3.3675 from DM 3.35. It was also higher against the yen at Y253.25 from Y251.50 and SFr 2.7725 compared with SFr 2.7625. Against the French franc it improved to FFr 10.7350 from FFr 10.6650.

D-MARK — Trading range against the dollar in 1986 is 2.4718 to 2.1640. May average 2.2285. Exchange rate index 135.1 against 129.6 six months ago.

The D-mark benefited from a weaker dollar as worries about Mexican debt problems increased. News of lower West German growth in the first quarter had been expected but at the same time may give the Bundesbank some room for manoeuvre in response to calls for lower interest rates. The dollar closed at DM 2.2190 down from DM 2.2325 on Monday. Earlier in the day it had been fixed at DM 2.2305 without Bundesbank intervention. Although there may be a reaction, the market is becoming more geared to testing the dollar's downward potential, despite fears of central bank intervention.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.65. May average 167.01. Exchange rate index 205.7 against 177.2 six months ago.

The yen showed little overall change against the dollar in rather unsettled trading. The US unit had shown a firmer tendency in New York but came back on uncertainty about interest rates and growing problems experienced by Mexico in meeting its external debt repayments. The dollar closed at Y168.35 up from Y167.40 on Monday but down from Y168.45 in New York. Just recently the dollar has failed to attract follow-through demand after the start of a rally while fears of central bank intervention have limited its downward movement.

£ IN NEW YORK

June 10	Latest	Prev. close
£ Spot	$1.5205-5215	$1.4975-1.498
1 month	0.37-0.35pm	0.35-0.34pm
3 months	0.98-0.93pm	0.94-0.92pm
12 months	2.78-2.68pm	2.72-2.65pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

June 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4950-1.5185	1.5175-1.5185	0.40-0.37c pm	3.04	1.01-0.96pm	2.57
Canada	2.0808-2.1107	2.1080-2.1100	0.33-0.24c pm	1.62	0.58-0.42pm	0.95
Nethlnd.	3.76½-3.80	3.79-3.80	1¼-1⅛c pm	3.95	3½-3⅛pm	3.89
Belgium	68.31-69.00	68.65-68.75	18-13c pm	2.71	48-37pm	2.42
Denmark	12.39½-12.47	12.46¼-12.47¼	3¼-2ore pm	2.47	6½-5⅛pm	1.93
Ireland	1.1040-1.1120	1.1095-1.1105	0.10-0.02£ pm	0.65	0.20-par pm	1.80
W. Ger.	3.34½-3.37¼	3.36¾-3.37¾	1¾-1½pf pm	5.79	4⅞-4pm	4.97
Portugal	223.73-228.69	224.95-228.15	90-285c dis	−9.93	265-800dis	−9.40
[illegible]						

Belgian rate is for convertible francs. Financial franc 69.15-69.25. Six-month forward dollar 1.78-1.73c pm. 12-month 2.90-2.80c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.05-45.05.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: two years 7¾-7⅞ per cent; three years 8¼-8⅜ per cent; four years 8½-8⅝ per cent; five years 8⅝-8⅞ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others, two days' notice.

CURRENCY MOVEMENTS

June 10	Bank of England Index	Morgan Guaranty Change %
Sterling	75.9	−15.4
U.S. dollar	115.4	+6.1
Canadian dollar	78.4	−18.4
Austrian schilling	126.5	+7.2
Belgian franc	95.4	−7.3
Danish Kroner	86.0	−0.8
[illegible]		

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

[illegible]

*CS/SDR rate for June 9: 1.61899.

OTHER CURRENCIES

[illegible]

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Sharp fall

Prices fell on the London International Financial Futures Exchange yesterday, as interest rate contracts failed to recover from the heavy sell off in Chicago overnight. Rumours that one large seller may have unloaded up to $1.5bn in US Treasury bonds on Monday set the tone for the market, while the threat to the US banking system from Mexico's debt problems was another depressing factor.

There were no other factors to influence the bond futures market, but the September contract opened very weak at 91-20, and fell to a low of 90-25. Dealers detected some technical support below 91-00, and the price was helped by some bear covering towards the close, to finish at 91-21, compared with 94-02 previously. Eurodollar futures tracked the bond market.

September long term gilt futures opened at 124-11, depressed by the overnight news from Chicago. The price drifted down, and then fell sharply, to a low of 122-12, on publication of a larger than expected rise of 3 per cent in sterling M3 money supply. It closed at 122-21, compared with 124-25 on Monday. The setback to hopes of lower bank base rates, from the rise in M3, also led to a liquidation of long positions in three-month sterling deposit futures. The September contract closed almost at the day's low, at 90.71, against 91.04 previously.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	7.13	—	—	—	0.35	—	—	—
118	5.39	6.50	—	—	0.61	2.12	—	—
120	4.14	5.34	—	—	1.36	2.60	—	—
122	3.03	4.29	—	—	2.25	3.55	—	—
124	2.07	3.33	—	—	3.29	4.59	—	—
126	1.26	2.47	—	—	4.48	6.09	—	—
128	0.57	2.05	—	—	6.15	7.31	—	—
130	0.34	1.38	—	—	7.56	8.62	—	—

Estimated volume total, Calls 1,459, Puts 191
Previous day's open int. Calls 5,294, Puts 2,528

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	5.38	6.34	—	—	1.80	3.38	—	—
90	4.25	5.30	—	—	2.47	4.34	—	—
92	3.24	4.33	—	—	3.46	5.37	—	—
94	2.34	3.45	—	—	4.56	6.49	—	—
96	1.54	3.00	—	—	6.12	8.04	—	—
98	1.21	2.26	—	—	7.43	9.30	—	—
100	0.59	1.59	—	—	9.17	10.63	—	—
102	0.40	—	—	—	10.62	—	—	—

Estimated volume total, Calls 882, Puts 32
Previous day's open int. Calls 806, Puts 305

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	21.50	—	—	21.50	0.00	—	—	0.13
1.35	16.50	16.50	16.50	16.50	0.00	0.02	0.18	0.41
1.40	11.50	11.60	11.50	11.63	0.00	0.14	0.64	1.06
1.45	6.51	6.90	7.61	7.91	0.01	0.70	1.88	2.36
1.50	2.08	3.45	4.43	4.97	0.58	2.25	3.60	4.42
1.55	0.18	1.35	2.32	2.87	3.68	5.15	6.49	7.32
1.60	0.00	0.40	1.07	1.52	8.50	9.20	10.24	10.87

Estimated volume total, Calls 205, Puts 49
Previous day's open int. Calls 4,393, Puts 5,669

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	—	—
1.40	—	—	—	—	—	—	—	—
1.45	6.90	6.70	7.25	7.80	0.05	0.85	1.80	2.20
1.50	1.90	3.05	4.05	4.50	0.40	2.30	3.50	4.50
1.55	0.15	1.10	2.00	2.40	3.70	5.30	6.50	7.20
1.60	0.05	0.40	0.90	1.25	8.70	9.60	10.40	11.50

Previous day's open int. Calls 5,373, Puts 4,421
Volume, —

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	21.00	—	—	21.00	—	—	—	0.10
1.35	16.00	16.00	—	16.00	—	0.05	—	0.35
1.40	11.00	11.20	—	11.50	—	0.10	—	1.00
1.45	6.10	6.40	7.00	7.40	—	0.55	1.45	2.10
1.50	1.60	2.70	3.40	4.00	0.20	1.95	3.30	3.80
1.55	—	0.75	1.60	2.15	4.00	5.10	6.20	6.75
1.60	—	0.15	0.60	—	18.60	9.10	9.85	—

Previous day's open int. Calls 42,648, Puts 48,161
Previous day's volume, Calls 4,522, Puts 5,366

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
91.00	1.94	1.80	—	—	0.00	0.01	—	—
91.50	1.44	1.32	1.27	—	0.00	0.03	0.15	—
92.00	0.94	0.87	0.88	—	0.00	0.08	0.26	—
92.50	0.44	0.50	0.56	—	0.00	0.21	0.44	—
93.00	0.04	0.22	0.31	—	0.10	0.43	0.69	—
93.50	0.00	0.07	0.15	—	0.56	0.78	1.03	—
94.00	0.00	0.02	0.06	—	1.06	1.23	1.44	—

Previous day's open int. Calls 4,033, Puts 3,402
Volume, —

CHICAGO

US TREASURY BONDS (CBT)

[illegible]

US TREASURY BILLS (IMM)

[illegible]

CERT. DEPOSIT (IMM)

[illegible]

THREE-MONTH EURODOLLAR (IMM)

[illegible]

STERLING INDEX

[illegible]

LONDON

THREE-MONTH STERLING
£500,000 points of 100%

[illegible]

FT-SE 100 INDEX
£25 per full index point

[illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

[illegible]

US TREASURY BONDS

[illegible]

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

[illegible]

Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) −4 to 4 (32nds)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	102-34	102-60	102-60	102-62
Sept	102-38	102-82	102-38	103-02

Estimated volume 109 (87)
Previous day's open int. 1,162 (1,177)

Estimated volume 6,104 (3,170)
Previous day's open int. 22,310 (22,123)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	92-09	92-10	91-30	94-21
Sept	91-21	91-23	90-25	94-02
Dec	90-30	—	—	93-11

Estimated volume 5,876 (7,457)
Previous day's open int. 5,155 (4,891)

CURRENCY FUTURES

[illegible]

MONEY MARKETS

Money supply hits base rate hopes

Short-term interest rates rose by about ¼ per cent on publication of the rise of 3 per cent in sterling M3 money supply. The London money market was expecting an increase of about 1½ per cent in M3, but after several months of very sharp growth, with M3 rising at an annual rate of 39 per cent in the last three months, sentiment remained reasonably confident. Dealers were looking for special circumstances to explain the figures, and hoped that Friday's retail price index may yet provide the catalyst for a cut in bank base rates. Three-month interbank was around 9 7/16-9 11/16 per cent ahead of the figures, and closed at 9 11/16-9 13/16 per cent, compared with 9 7/16-9 11/16 per cent on Monday.

Discount houses initially proved reluctant sellers of bills at present official dealing rates, preferring to pay up to 11½ per cent for overnight money. But after the M3 announcement bill rates moved up defensively in the market, and overnight interbank closed at 8 per cent, in spite of the fact that the authorities appeared to underhelp the market.

The Bank of England forecast a money market shortage of £400m, and provided total help on the day of £327m.

Before lunch the authorities bought only £2m bills outright, by way of £1m bank bills in band 1 at 9⅞ per cent, and £1m bank bills in band 2 at 9 13/16 per cent.

In the afternoon a further £185m bills were purchased outright, through £174m bank bills in band 2 at 9 13/16 per cent; and £11m banks bills in band 3 at 9¾ per cent.

Late assistance of around £140m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £340m, with bank balances below target absorbing £120m. These were partly offset by Exchequer transactions adding £20m to liquidity, and fall in the note circulation of £65m.

In Frankfurt the Bundesbank added a net DM 2.8bn liquidity to the banking system, in anticipation of money floating out of the money market next week. At yesterday's tender the central bank accepted bids of DM 13.1bn for a 28-day securities repurchase agreement, at a rate of 4.35 per cent. Bids at the tender totalled DM 23.9bn, while DM 10.3bn drained from the market, as an earlier agreement expired.

UK clearing bank base lending rate 10 per cent since May 22

NEW YORK RATES
(Lunchtime)

Prime rate	8½
Broker loan rate	8
Fed funds	6⅞
Fed funds at intervention	6 13/16
Treasury Bills & Bonds	
One month	6.13
Two month	6.32
Three month	6.48
Six month	6.71
One year	6.89
Two year	7.40
Three year	7.68
Four year	7.98
Five year	7.98
Seven year	8.05
10 year	8.13
30 year	7.84

MONEY RATES

June 10	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	4.35-4.45	4.40-4.55	4.45-4.60	4.45-4.60	4.50-4.65	5.5
Paris	7⅛	7 3/16-7 5/16	7 3/16-7 5/16	7⅜-7½	7⅜-7½	7¼
Zurich	7⅛-1⅛	5 5¼	—	4⅞ 5	—	—
Amsterdam	5⅝-5¾	6-6¼	—	5 11/16 5⅛	—	—
Tokyo	4.34125	4.59375	—	4.65625	—	—
Milan	12 12⅜	11⅞-12¼	—	11¾-12¼	—	—
Brussels	5.70	7¼-7⅜	—	7¼-7⅜	—	—
Dublin	8¾ 9	9 9¼	9¼-9½	9⅜-9⅝	9⅜ 9⅝	—

FT LONDON INTERBANK FIXING
(11.00 a.m. June 10)

Three months US dollars		Six months US dollars	
bid 7	Offer 7⅛	bid 7 1/16	Offer 7 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

June 10	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-12	10½-10¾	9⅞ 10 1/16	9 13/16-9 15/16	9½-9 11/16	[illegible]
Sterling CDs	—	—	9⅞-10	9½-9 11/16	[illegible]	[illegible]
Local Authority Depos	10⅞-11½	10⅝-10¾	9⅞-10	9½-9¾	9½-9⅝	9⅝-9½
Local Authority Bonds	—	—	10¼	10	10⅛	9¾
Discount Mkt Depos.	9-11¼	10½-10¾	9¾	9⅛	—	—
Company Depos.	9½-11¼	10⅝-10¾	10-10⅛	[illegible]	—	—
Finance House Depos	—	—	10	9⅝	9⅛	[illegible]
Treasury Bills (Buy)	—	—	9¾	[illegible]	—	—
Bank Bills (Buy)	—	—	9¾-9 13/16	9⅝-9½	9⅛	—
Fine Trade Bills (Buy)	—	—	10⅛	10	9¾	—
Dollar CDs	—	—	6.85-6.90	6.9-6.95	6.95-7.00	7.10-7.15
SDR Linked Depos	—	—	[illegible]	6⅜-6⅝	6⅜-6⅝	6⅛-6¾
ECU Depos	—	—	7¼-7⅜	[illegible]	[illegible]	7¼-7⅜

Treasury Bills (sell): one-month 9¾ per cent; three months 9¾ per cent. Bank Bills (sell): one-month 9¾-9 11/16 per cent; three months 9¾-9⅝ per cent. Treasury Bills: Average tender rate at discount 9.1142 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.178 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 10½ per cent from June 1, 1986. Bank Deposit Rate for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from June 5. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 5½ per cent.

Company Notices

SCI/TECH

Société Anonyme
Registered Office: 2, boulevard Royal, Luxembourg
R.C. Luxembourg B-20058

Shareholders are hereby convened to the ANNUAL GENERAL MEETING of shareholders of SCI/TECH S.A. to be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2, boulevard Royal, Luxembourg, on June 27th, 1986 at 3.00 p.m. with the following agenda:

1. Submittal of the Reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the Balance Sheet and of the Profit and Loss statements as at March 31st, 1986; appropriation of the profits.
3. Discharge of the Directors and of the Statutory Auditor.
4. Ratification of the cooptation of a director.
5. Receipt of and action on nomination of the Directors and of the Statutory Auditor.
6. Miscellaneous.

The shareholders are advised that no quorum is required for the items of the agenda of the annual general meeting and that decisions will be taken at the simple majority of the shares present or represented at the meeting with the restriction that no shareholder, neither by himself nor by proxy, may vote for a number of shares in excess of one-fifth of the outstanding shares or two-fifths of the shares present or represented at the meeting.

In order to attend the meeting of June 27th, 1986 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with the following banks:

—Banque Internationale à Luxembourg S.A.
2, boulevard Royal
LUXEMBOURG;
—Bank Mees & Hope N.V.
Herengracht, 548
NL—AMSTERDAM;
—Lombard Odier & Cie
11, rue de la Corraterie
CH—1204 GENEVE.

THE BOARD OF DIRECTORS

THE ROYAL BANK OF CANADA
US$350,000,000
Floating Rate Debentures due 2005

In accordance with the terms and conditions of the Debentures, the interest rate for the period June 12 1986 to July 14 1986 has been fixed at 7 1/16 per cent per annum. On July 14 1986 interest of US$6.388889 per US$1,000 nominal amount of the Debentures will be due for payment. The rate of interest for the period commencing July 14 1986 will be determined on July 10 1986.

Orion Royal Bank Limited
Agent Bank and
Principal Paying Agent

UNILOCK HOLDINGS p.l.c.

NOTICE IS HEREBY GIVEN pursuant to section 358 of the Companies Act 1985, that the register of members of the above-named company will be closed from the eleventh day of June 1986 until the tenth day of July 1986 inclusive.

By order of the Board,
D. R. MUTTON, ARICS, MCIOB,
Secretary.

Office Equipment

MASSIVE CLEARANCE—Office Furniture, Boardroom Suites/Chairman's Suites/Desks/Fire Resistant Filing Cabinets. Telephone: 01-549 9339.

Legal Notices

IN THE MATTER OF
MOONLIGHT REPRODUCTIONS LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 19th day of August, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Philip Monjack, FCA, of 30 Eastbourne Terrace, London W2 6LF, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 3rd day of June, 1986.
P. MONJACK,
Liquidator.

ARROWSMITH EVANS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 30 Eastbourne Terrace (2nd Floor), London W2 6LF, on Friday the 20th day of June, 1986, at 11.00 o'clock in the forenoon, for the purposes provided for in Sections 589 and 590.

Dated the 3rd day of June, 1986.
W. B. EVANS,
Director.

London & Scottish banks' balances

as at May 21 1986

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish bankers and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.

AGGREGATE BALANCES	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK monetary sector	26,591		+ 520	
UK private sector	85,575		+2,030	
UK public sector	2,896		+ 318	
Overseas residents	13,905		− 259	
Certificates of deposit	9,052		+ 217	
		138,020		+2,826
of which: Sight		54,147		+1,787
Time (inc. CDs)		83,873		+1,039
Foreign currency deposits:				
UK monetary sector	15,693		− 46	
Other UK residents	6,123		+ 238	
Overseas residents	44,861		−1,023	
Certificates of deposit	5,513		− 226	
		72,190		−1,057
Total deposits		210,210		+1,769
Notes in circulation		918		+ 12
Other liabilities*		34,928		− 596
TOTAL LIABILITIES		246,056		+1,185
ASSETS				
Sterling				
Cash and balances with Bank of England:				
Cash ratio deposits	464		+ 29	
Other balances	2,334		+ 267	
		2,799		+ 296
Market loans:				
Discount houses	3,837		− 318	
Other UK monetary sector	26,554		− 344	
UK monetary sector CDs	3,793		+ 477	
Local authorities	715		− 39	
Other	3,166		− 99	
		38,065		− 323
Bills:				
Treasury bills	186		− 28	
Other bills	3,141		− 103	
		3,327		− 131
Investments:				
British Government stocks	3,851		+ 394	
Other	4,081		− 113	
		7,932		+ 281
Advances:				
UK private sector	88,682		+ 451	
UK public sector	311		− 29	
Overseas residents	5,726		+1,663	
		94,719		+2,084
Other sterling assets*		13,275		− 290
Foreign currencies				
Market loans:				
UK monetary sector	16,112		−1,076	
Certificates of deposit	526		+ 68	
Other	34,619		+ 183	
		51,257		− 825
Bills		760		+ 74
Advances:				
UK private sector	6,606		+ 60	
UK public sector	888		− 9	
Overseas residents	17,613		− 249	
		25,107		− 198
Other foreign currency assets*		8,815		+ 217
TOTAL ASSETS		246,056		+1,185
Acceptances		4,707		+ 359
Eligible liabilities		99,799		+1,994

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUP BALANCES

	CLSB groups £m	Bank of Scotland £m	Barclays £m	Lloyds £m	Midland £m	National Westminster £m	Royal Bank of Scotland £m	Standard Chartered £m
LIABILITIES OUTSTANDING								
Sterling deposits	138,020	5,894	32,720	23,838	23,987	40,295	7,900	3,386
Change on month	+2,826	+178	+565	+321	+1,193	+490	+ 16	+ 63
Foreign currency deposits	72,190	1,066	14,130	10,656	14,450	19,981	3,292	8,615
Change on month	−1,057	+ 15	−510	+410	+ 67	−1,263	− 39	+263
Total deposits	210,210	6,960	46,849	34,494	38,437	60,276	11,192	12,001
Change on month	+1,769	+193	+ 55	+730	+1,260	−773	− 24	+326
STERLING ASSETS OUTSTANDING								
Cash and balances with the Bank of England	[illegible]							
Change on month	[illegible]							
Market loans—UK monetary sector	[illegible]							
Change on month	[illegible]							
Other	[illegible]							
Change on month	[illegible]							
Bills	[illegible]							
Change on month	[illegible]							
British Government stocks	[illegible]							
Change on month	[illegible]							
Advances	[illegible]							
Change on month	[illegible]							
FOREIGN CURRENCY ASSETS OUTSTANDING								
Market loans and bills	[illegible]							
Change on month	[illegible]							
Advances	[illegible]							
Change on month	[illegible]							
ACCEPTANCES OUTSTANDING	[illegible]							
Change on month	[illegible]							
ELIGIBLE LIABILITIES OUTSTANDING	[illegible]							
Change on month	[illegible]							

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
68	50	Cakebread Rby 'A' 10p	64xd		3.3	ϕ	7.3	ϕ
119	85	Cement-Roadstone	108		Q19.38%	3.0	4.1	12.0
43½	24½	♦Chesterminster Grp	40	−1	—	—	—	—
82	60	Conder Group	80		1.75	ϕ	3.1	ϕ
73	32	Costain (F.J.) 5p	73		1.5	1.1	3.0	42.3
568	468	Costain Group	542	−24	†17.0	q2.7	4.4	9.8
443	296	Countryside Props	416		5.74	5.1	1.9	10.5
156	124	Crouch (D.) 20p	136		5.93	2.3	6.1	9.9
104	84	Dew (George) 25p	101	−1	6.0	1.2	8.4	14.3
118	75	Douglas (Robt. M)	112		†1.75	2.6	2.2	(19.9)
23	19	‡Dunton Group 5p	22½		†0.24	4.3	1.5	17.3
160	124	‡EBC 50p	130xd		h6.72	2.5	6.2	9.0
96	63	Erith	94		3.3	ϕ	4.9	ϕ
156	106	Fairbriar 10p	156		R4.0	2.7	3.6	14.4
88	77	Feb. Intl 10p	80xd		1.78	—	3.1	—
71	54	Do 'A' 10p	56xd		1.78	—	4.5	—
162	51	Federated Housing 5p	162	+12	3.3	3.0	2.9	16.4
66	56	Finlan Group 10p	60		g3.04	0.9	8.9	23.4
93	79	Galliford 5p	90		4.4	1.5	6.9	14.0
48	27	Gibbs Dandy A 10p	46		1.8	2.0	5.5	12.5
376	254	Gleeson (MJ) 10p	368		†5.37	5.4	2.1	12.7
113	94	HAT Group 10p	104	+2	†3.7	2.3	5.0	10.4
211	56	Helical Bar	198	−5	—	—	—	83.6
258	195	Henderson Group	225xd		7.0	ϕ	4.4	ϕ
79	44	Hewden-Stuart 10p	77		1.7	3.0	3.1	13.6
£216	£130	Do 10pcLn. 03-08	£216	+4	Q10%	—	f4.7	—
228	134	Heywood Williams	228		g6.75	2.0	4.2	14.7
622	430	Higgs & Hill	568	+3	13.6	ϕ	3.4	ϕ
39	29	Howard Shut 10p	33		d1.4	1.6	6.0	12.5
198	132	Ibstock Johnsen	188		4.8	2.5	3.6	13.7
115	40	♦Intnl Amco Cpr	50	−7	—	—	—	—
360	270	Jarvis (J.)	360		‡17.5	—	‡	—
53	22	‡Jaypland	52	−1	0.25	3.9	0.7	40.3
115	92	♦Jennings AS.50	102		Q20%	2.1	4.7	10.1
93	75	‡JohnStones Pts 10p	93		4.27	2.1	6.5	10.5
£151	£68	Lafarge Cop. F100	£119	−1	Q23.25%	1.5	1.8	37.2
450	296	Laing (John)	447	−2	7.0	5.1	2.2	12.6
300	265	Latham (J.) £1	290		13.25	1.8	6.4	10.2
104	74	Lawrence (W.)	92		3.65	3.0	5.8	7.1
128	122	Do 8.5pc CnvRdPf £1	122		Q8%	—	6.6	—
91	71	Lilley (F.J.C.)	73		3.82	1.9	7.4	9.4
140	93	‡Lon. & Clydeside	132	−3	5.6	2.0	6.1	11.6
428	290	Lovell (Y. J.)	415		7.0	3.8	2.4	14.7
434	304	McAlpine (Alfred)	414		d12.5	2.8	4.3	11.8
*325	225	McCarthy & Stone 20p	250xd		g2.73	5.0	1.5	18.7
160	110	‡McLaughlin & H.	150		7.0	2.5	7.6	7.5
196	128	Magnet & Southerns	156	−4	4.7	1.7	4.2	19.6
275	177	Manders (Hldg)	270		8.1	2.1	3.9	15.9
134	101	Marley	123	−1	3.75	1.3	4.3	24.7
198	160	Marshalls Halifax	167	−5	†5.0	2.3	4.2	13.0
180	144	Meanders (John) 20p	177		†4.5	3.8	3.6	10.4
137	97	May & Hassell	120		3.75	—	4.4	—
265	171	Meyer Int.	264	−1	†5.25	3.5	2.8	14.2
27	23	Miller (Stan) 10p	26		d1.0	—	2.7	—
129	109	Monk (A)	115	+1	6.5	1.3	8.0	13.4
440	308	Mowlem (J)	384	+2	M16.0	2.2	5.8	12.6
920	790	Newarthill £1	870		s11.0	4.4	1.8	17.8
213	160	Nottingham Brick	203	−7	6.5	2.1	4.6	15.0
234	118	Persimmon 10p	218		5.25	3.4	3.4	12.0
112	68	Phoenix Timber	90		3.0	—	4.7	—
410	285	Pochins	362xd	−8	12.9	3.9	5.0	6.4
142	90	‡Polypipe 10p	120		hL1.45	2.8	1.7	29.8
672	442	RMC	652	−6	14.0	3.1	3.0	15.1

BRITISH FUNDS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

AMERICANS

INDUSTRIALS—Continued

1986 High	1986 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
155	82	‡Midland Marts	155	.....	4.0	2.1	3.6	18.5
78½	61	Mitchell Cotts	49	−1	4.25	1.5	8.7	(9.7)
109	81	‡Monks & Crane 10p	106	.....	12.7	◆	3.6	◆
317	210	Morgan Crucible	315	.....	8.5	◆	3.8	◆
23½	15½	‡Morris (W) F.A. 20p	17½	.....	—	—	—	—
139	96	Moss (Robt.) 10p	130xd	+1	ϕ3.3	2.7	3.6	14.0
114	65	Myson Grp 10p	114	+2	2.63	2.6	3.2	14.7
365	259	NMW Computers	365	+5	6.0	3.0	1.0	17.5
40	27	Nash Inds	36	.....	0.5	—	2.0	—
*27½	15½	Neil & Spencer 10p	18	−1	ϕh—	—	—	—
38	28	Newman Inds 10p	38	.....	0.8	1.2	3.0	(36.5)
65	47	Nolton	51xd	.....	10.95	7.0	2.6	7.3
132	96	‡Norank Systems 5p	126	.....	3.0	◆	3.4	◆
272	187	Norcros	270	−2	9.3	◆	5.0	◆
114	49	Nu-Swift 5p	113	−1	3.5	2.1	4.4	15.2
£303	£228	OCE 9pc Cnv 1987-92	£303	.....	Q9%	—	(3.5	—
118	80	Oakwood Grp	105	.....	5.0	1.3	6.7	14.6
250	203	Office & Elect	238xd	.....	8.5	2.9	5.0	9.7
102	70	Ottacre 20p	88	+3	14.0	2.6	6.4	7.8
36	24	‡Optometrics $0.01	26	.....	Q2c	2.1	6.0	8.7
765	500	Oriflame £1	760	.....	24.5	2.1	4.5	14.8
10	7	Ovenstone 12½c	7	.....	Q3.2	1.9	13.7	3.8
		For Ozalid 9pc Cnv see OCE 9pc Cnv						
142	85	‡PCT Grp 10p	142	+7	3.2	1.2	4.6	(34.0)
£20½	950	PLM 'B' Sk 25	£14½	−¼	Q3.2%	0.9	4.6	—
184	114	PSM Intl	182xd	.....	5.5	2.1	4.3	13.9
256	167	‡Pacer Systems $0.01	200	.....	Q3.04c	3.4	1.3	22.3
78	56	‡Pacific Sales 10p	62	−2	3.0	1.2	6.8	16.9
342	225	Park Place 10p	333	.....	ϕ16.25	1.9	2.6	28.0
425	246	Parker Knoll 'A'	408	.....	†9.5	2.9	3.3	14.8
525	208	‡Parkfield Group 5p	445	−5	†2.4	2.4	0.8	74.4
53	30	‡Pawson Intl	48	.....	—	—	—	◆
£130	£92	Do 11pc CvLn '94-02	£182	+2	Q11%	—	(11.1	—
503	393	Pearson	495	.....	10.0	2.8	2.8	16.5
76	12	Peek Holdings 7p	25	.....	—	—	—	—
130	88	Peerless	125	.....	6.3	—	7.1	—
765	283	Pentland 10p	750	−5	1.5	22.4	0.3	21.3
£14	775	Photo-Me	£10	.....	†5.08	8.3	0.7	20.4
475	315	Pilkington Br. £1	447	−4	12.5	2.5	3.9	11.1

LEISURE—Continued

1986 High	1986 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
115	58	Leisuretime Int 10p	105	.....	†2.9	◆	3.1
117	100	‡Lowndes	107	.....	u2.63	3.0	3.5
220	145	‡Media Tech Int 20p	145	.....	L2.58	5.4	2.5
175	140	Medminster 10p	140	.....	†5.35	2.7	5.4
220	130	‡Mrs World 10p	215	.....	5.2	3.3	3.4
90	62	Nationwide Leisure	88	−1	3.75	◆	6.0
17	10½	‡Nimslo Int 20c	16½	.....	—	—	—
34½	23	‡Owners Abroad 3p	31¼	+¼	1.5	◆	6.8
90	46	Photax (Lon.)	70	.....	—	—	—
34	28½	‡P'dilly Radio NV 5p	30	.....	2.0	1.2	9.7
80	37	‡Pineapple Dnc St 10p	72	.....	—	—	—
371	280	Pleasurama 5p	298	−7	7.5	3.2	3.5
178	136	Do. 7pcCvCmRedPf	141	−1	7%	—	7.0
		For Pres Entertainment see Hotels					
43	18	‡Radio City 'A' NV	30	.....	—	—	—
48	33	‡Radio Clyde N/V	42xd	.....	3.25	0.9	10.9
375	322	Really Useful Grp 5p	362	−3	b11.25	2.2	4.4
64	44	Riley Leisure 10p	45	.....	—	—	—
230	165	Saga Hols. 20p	170	+2	4.6	2.6	3.8
355	255	Samuelson Grp 20p	300	.....	2.4	6.0	1.1
123	73	‡Sangers Photo 10p	114	.....	2.0	1.9	2.5
178	142	‡Scallo 50p	157	.....	4.0	3.5	3.6
345	188	Scott. TV 'A' 10p	345	.....	n10.5	3.0	4.3
294	114	SeaCo Inc $0.125	175	−1	—	—	—
26	7	‡SelecTV 10p	18	.....	—	—	—
37	20	‡Spectrum 5p	21	.....	‡12.0	4.8	‡
43	31	TSW 5p	39	.....	†1.7	2.4	6.1
235	150	TVS N/Vtg 10p	235	.....	8.0	2.5	4.8
188	125	‡Television Svcs 50p	125	.....	2.0	1.6	2.3
72	50	Tottenham Hotspur	72	+2	‡4.0	—	‡
96	66	‡Trilion 10p	83	−2	1.1	3.3	1.9
250	140	‡Tyne Tees TV 'A' £1	245	.....	a10.5	◆	6.0
130	104	Ulster TV N/V 'A'	130	.....	†5.25	2.6	5.7
100	63	‡Viewplan 5p	85	.....	u1.26	—	2.1
198	118	WSL 5p	195	−2	—	—	—
38	17½	Webb (Jos.) 5p	23	.....	0.5	0.7	3.1
27½	16½	‡Williams (Rex) 5p	20½	−½	0.91	1.0	6.3
186	125½	Zetters 5p	166	.....	†4.0	3.6	3.4

MOTORS, AIRCRAFT TRADES

MINES—Continued

Miscellaneous

1986 High	1986 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
42	26	Anglo Utd Dev	30	.....	d1.05	◆	5.0
80	45	‡Colby Res Corp	55		—	—	—
300	160	Cons. Murch. 10c	160		‡Q86½c	3.9	‡
34	28	‡Ennex Int. Ir10p	31		—	—	—
101	70	Greenwich Res	100		—	—	—
155	93	Hampton Areas 10p	152	+2	ϕ1.0	—	—
250	165	‡Highwood Res	235		—	—	—
£19⅝	£13⅞	Homestake Mining $1	£15¼	+½	Q20c	—	0.9
310	175	‡McFinley Red Lake	175	−10	—	—	—
285	195	‡Musto Explorations	215		—	—	—
51	35	‡New Sabina Res C$1	35		—	—	—
260	210	Northgate C$1	210		—	—	—
790	513	RTZ	642		22.0	2.8	4.8
£164	£115	Do 9½pcLn '95-2000	£140		Q9½%	15.5	(7.0
950	800	‡Tara Expln $1	875		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ϕ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B Fr Belgian Francs. Fr French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish Stocks, the latter being quoted in Irish currency

Albany Inv 20p	120	
Craig & Rose £1	£13	
Finlay Pkg 5p	43	
Holt (Jos) 25p	810xd	
IoM Stm £1	87	

IRISH

Fund 11¾% 1988	£103½	
Nat. 9¾% 84/89	£101	
Fin 13% 97/02	£123⅛	
Arnotts	325	
CPI Hldgs	58	
Carroll Inds	168	
Dublin Gas	53	
Hall (R & H)	75	
Heiton Hldgs	30	+1
Irish Ropes	105	
Unidare	190	

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Dismal money statistics and Wall St fall shake market confidence

The twin shocks of Wall Street's plunge overnight and another dismal set of UK money statistics were too much for London stock markets yesterday. Confidence over the outlook for bank base rates was shaken and Government securities showed closing falls stretching to 1¾ points despite managing a modest rally from the session's lowest. Leading shares after staging a strong recovery from sharply lower opening levels also succumbed and the FT Ordinary share index ended 15.1 down at 1,314.4.

Bond and share market began nervously following Monday's 45-point drop in the Dow Jones index and a fresh slump in US treasury stocks. The weakness was attributed to a wave of pessimism about US economic prospects. International and other blue chips were savaged by London dealers anticipating a sell-off similar to that experienced in the American market. In the event, many jobbers encountered selective institutional demand and prices quickly recovered.

At mid-session the FT indices had more than halved steep early losses of over 20 points and the equity sectors were marking time awaiting the announcement at 2.30 pm of the May banking statistics. Gilt-edged securities, while not being able to regain much of the initial fall, were also steadier.

Depressing money figures, which included a rise of 3 per cent in sterling M3 compared with forecasts of only 1 per cent, set a new fall in motion. Nervous selling took a further toll on Gilt-edged stocks before business eventually became more two-way. Sellers had the edge for most of the time but in the late trade longer-dated Gilts were edging away from the day's worst levels.

A resumption of Wall Street's weaker trend early yesterday—the Dow Jones index was 15 points lower at 5.00 pm—stifled any chance of rally in equities. International issues flopped out again and the market generally began to show dejection regarding cheaper money prospects. Sterling surged ahead, partly reflecting a dollar beset by Mexican debt worries, but the talk late in foreign exchange markets was that the main boost to the pound was the removal of any early reduction in bank borrowing charges. In money markets, the key three-month interbank rate improved only marginally, however, to 9¾ per cent.

Schroders higher

Comment on the group's acquisition of a 50 per cent stake in Wertheim, the US investment bank, helped Schroders feature the banking sector with a rise of 63 to 750p. Elsewhere in merchant banks, Hambros relinquished a few pence at 220p and Hill Samuel lost 5 at 383p. NatWest rallied 5 to 457p and the new nil-paid 3 to 253p premium, but other clearing banks closed easier for choice although well above the lowest levels of the day. Lloyds ended 5 off at 532p, after 528p, and Midland held the overnight level of 522p, after 512p. Standard Chartered edged forward a couple of pence to 815p on continuing hopes of an increased offer from Lloyds.

Insurances closed lower throughout. Composites came on offer and sustained double-figure falls. General Accident, at 790p, and GRE, at 822p, lost 20 apiece, while Royals cheapened 19 at 844p and Sun Alliance gave up 16 at 632p. Elsewhere, Abbey Life, a depressed market since ITT recently sold its remaining 51.8 per cent stake in the company at 190p per share, lost 4 more to a new low for the year of 188p. Equity and Law declined 8 at 247p and Prudential dipped 10 at 763p. Casualties among Lloyds Brokers included Hogg Robinson, 8 lower at 291p and Sedgwick, 7 off at 346p.

Among recently-issued equities, Lee International attracted further support ahead of a broker's presentation and firmed 6 to 156p. Monday's market newcomer Blick improved a couple of pence to 135p.

J. A. Devenish, 30 better at 890p in response to the impressive interim results, provided an isolated feature in the drinks sector.

Leading Buildings suffered a mark-down at the outset, but started to recover as the session wore on. However, prices began drifting easier again as interest rate optimism was dented by the money supply figures and the closing tone was rather dull. Sentiment among Contracting issues was not helped at the outset by the announcement of a £62m rights issue from Costain which fell initially to 536p prior to closing a net 24 down at 542p. Taylor Woodrow finished 7 off at 658p, but George Wimpey recovered from 195p to close a penny dearer on balance at 197p. Barratt Developments, firm of late on takeover speculation, came back 6 to 144p and John Laing softened a couple of pence to 447p. Among Cements, Blue Circle shed 7 to 640p, but Rugby Portland Cement, underpinned by a broker's recent "buy" recommendation, hardened a fraction to 175½p. RMC lost 6 at 652p, and Tarmac were a similar amount down at 458p. BPB Industries gave up 8 at 480p. Elsewhere, Nottingham Brick shed 7 to 203p on disappointment with the interim results, but renewed speculative buying lifted Federated Housing 12 to 162p. Benford Concrete Machinery, having eased to 86p on details of the agreed offer from Blackwood Hodge, 2½ down at 55p, picked up to close a penny better at 89p on the announcement that rival bidder BM Group had acquired a further 3.3m Benford shares at 90p per share and had therefore increased its offer to that price; BM softened a couple of pence to 213p.

Wall Street and currency influences combined to unsettle ICI which closed 10 down at 915p, after 912p. Among other Chemicals, Wolstenholme Rink firmed 12 to 195p on recovery hopes, while Sutcliffe Speakman attracted further demand and added 2 more to 71p.

Woolworth steady

Woolworth held the overnight level of 825p following the expected announcement that the unwelcome bid from Dixons is not to be referred to the Monopolies Commission; Dixons closed 4 off at 348p. Other Store leaders contracted in sympathy with the general dull trend. Burton fell 6 to 274p and Marks and Spencer softened 2 more to 195p. Elsewhere, Martin Ford fell 5 to 75p on profit-taking in the wake of Monday's bid from Iridium Investments worth 70p per share in cash. W. H. Smith "A" lost 6 to 272p, but A. and J. Gelfer put on 8 to 100p on revived speculative support.

Leading Electricals finished the day with minor falls, but Cable and Wireless, up 5 at 665p, resisted the trend; the preliminary figures are due to be announced on June 25. Elsewhere, Electrocomponents, reflecting the satisfactory annual results, rose 7 to 383p, while contract news left Cambridge Electronic 8 dearer at 248p. Speculative demand prompted a gain of 13 to 100p in Goodwin Warren, but Unitech were a notable dull spot, closing 8 down at a new low for the year of 217p.

Leading Engineers passed another quiet trading session with quotations following the general trend and settling with falls of around 5 on the day. Elsewhere, MS International, a rising market of late, improved afresh to 115p before ending a penny cheaper on the day following news of the sale of Electromotors to FKI Electricals for £11m. Whessoe, the subject of bid speculation recently, met with profit-taking and gave up 6 to 114p, while Thomas Locker "A" eased a penny to 29½p following the preliminary statement.

Apart from a fall of 7 to 169p in recent US favourite Cadbury Schweppes, losses among leading Foods were relatively modest. Tate and Lyle slipped 5 to 670p and Rowntree Mackintosh lost 4 at 458p. United Biscuits held up well and settled only a penny off at 250p, but Unigate cheapened 3 to 270p. Elsewhere, profit-taking clipped 5 from Bernard Matthews at 235p and a penny from Chambers and Fargus at 43p. Carr's Milling shed 5 to 160p, the increased interim profits outweighed by the cautious statement on second-half prospects.

Leading Hotels showed Grand Metropolitan 7 lower at 393p and Ladbroke 8 off at 351p. Trusthouse Forte shed 3 to 157p.

Wedgwood above worst

News that the London International bid had been referred to the Monopolies and Mergers Commission prompted a sharp reaction in Wedgwood which dipped to 300p before staging a strong rally to 328p following the subsequent announcement of preliminary figures; Wedgwood closed 8 down on the day at 325p. Metal Box, in contrast, responded to the annual results and proposed share sub-division with a rise of 51 at 805p. British Aerospace, reflecting worries about the Saudi Arabian contract, closed 13 cheaper at 510p, but Colorall, still benefiting from the proposed acquisition of Alexander Drew, put on 7 more to 203p. Revived speculative demand prompted a rally of 10 in Hestair at 190p. Christies International hardened to 288p before settling unchanged at 285p following the announcement that commission and buyer's premium rates in the UK will be brought into line with rates charged by the company's main competitors. Metal Closures eased afresh to 136p before settling only 3 lower on the day at 142p, while Bestobell gave up 10 at 420p. Among the leaders, Reed International, a particularly firm market since the good results and proposed share sub-division, met with profit-taking and gave up 31 to 951p. Beecham, down 8 further at 393p, continued to ease awaiting today's preliminary figures.

Reflecting the strong profits recovery, Western Motor touched 110p before closing 20 better on balance at 100p. Elsewhere in Motors, Lookers moved up 8 to 130p on speculative support, but Appleyard dropped 7 to 148p as takeover hopes faded. Caffyns, at 246p, lost 9 of the previous day's gain of 23 on profit-taking ahead of tomorrow's annual results. Lex fell 18 to 377p. Jaguar improved to 518p in initial response to a US "buy" recommendation before reacting to finish a couple of pence cheaper on balance at 508p, while Lucas rallied from 563p to finish 2 dearer at 575p.

Fitch and Co advanced 12 to 430p, after 440p, on news of the Debenhams contract, while revived speculative buying lifted Delyn Packaging 10 to 115p, after 120p.

Leading Properties proved resilient until the announcement of the disappointing money supply figures. Thereafter, prices tended to wilt and Land Securities settled 3 cheaper at 317p and MEPC slipped 4 to 348p. Secondary issues continued to display several bright features. Regalian rose 15 to 575p awaiting today's annual results, while Mountview Estates gained the same amount to 690p ahead of preliminary figures due shortly.

Recent strong buying of Atkins Bros proved fully justified yesterday when the group announced bumper preliminary results which left the shares a further 20 higher at a new peak for the year of 210p.

Bats came on offer and fell 12 to 373p among Tobaccos.

Oils lose ground

Renewed weakness in oil prices, the steep decline on Wall Street and nervousness over the forthcoming Opec meeting to be held on June 25 in Brioni prompted widespread falls in leading oils. BP fell to 568p before steadying and closing a net 10 off at 570p, while Shell ended the day a similar amount off at 787p. Britoil gave up 7 to 171p and LASMO 5 to 112p.

The recent slide in South African gold and related issues was halted following the sharp improvements in precious metals prices. The latter raced ahead in overnight US markets led by platinum which closed limit-up in futures markets on fears of possible interruptions to supplies of South African platinum in the event of a major outbreak of civil unrest in the Republic as the 10th anniversary of the Soweto uprising approaches. Bullion moved up $7 to $349 an ounce — its biggest one-day rise since February 25 and its highest closing level since March 24 — having topped $350 in the US overnight.

Gold shares made good progress in dollar terms but sterling prices were little changed on the day as the pound improved strongly against the US currency.

Nevertheless, there were numerous firm features in the sector, especially Vaal Reefs which rallied £1¼ to £36½. Buffels rose ½ to £12⅞ and Southvaal and Western Deep rose 1 to £16½ and £16⅞ respectively.

South African Financials managed to record modest gains with "Amgold" finally ½ to the good at £40¾, Gold Fields of South Africa 1⅛ up at £26⅛ and Anglo American Corporation ⅛ harder at 700p. UK-domiciled issues shrugged off the general weakness of domestic industrials and posted modest gains. Consolidated Gold Fields rose 7 to 445p, after 447p. Hampton Areas moved up 2 to 182½p following the board's rejection of the increased 150p a share bid from the Alan Bond-controlled Metals Exploration and the revaluation of Hampton Areas' assets which indicated a net asset value of 205p a share. Metals Exploration announced after-hours that it had purchased a further 1.2m Hampton Areas shares, or 4.4 per cent, and now speaks for 31.5 per cent of Hampton's shares.

Australian industrial issues fell sharply, depressed by the weakness on Wall Street and ahead of domestic trade figures expected today. Golds proved a notable exception, however, and gave a positive response to the rise in precious metals. Gold Mines of Kalgoorlie added 11 more at 395p, Central Norseman and Metana put on 7 apiece at 365p and 117p respectively.

Traded Options

Interest in Traded Options remained at a low ebb although the closing number of contracts completed at 12,653, comprising 6,946 calls and 5,707 puts, was above Monday's meagre sum of 7,297 which was the lowest this year.

FINANCIAL TIMES STOCK INDICES

	June 10	June 9	June 6	June 5	June 4	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	91.43	92.21	91.92	91.52	91.81	81.58	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.12	97.08	97.02	96.84	96.91	86.10	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1314.4	1329.5	1336.9	1332.6	1320.6	998.4	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	208.0	208.7	213.3	217.6	224.4	424.4	357.0 (27/1)	208.0 (10/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.18	4.13	4.15	4.17	4.20	4.62				
Earnings Yld.%(full)	10.10	9.99	10.26	10.31	10.38	11.58				
P/E Ratio (net) (*)	12.05	12.17	11.93	11.87	11.79	10.54				
Total Bargains (Est)	24,710	24,566	24,448	24,074	24,571	22,092				
Equity Turnover £m.	—	401.02	482.72	497.96	477.29	306.78				
Equity Bargains	—	23,907	21,398	21,573	20,949	17,304				
Shares Traded (mf).	—	196.9	239.0	243.8	242.0	150.3				

S.E. ACTIVITY

Indices	June 9	June 6
Gilt Edged Bargains	140.2	124.1
Equity Bargains	154.9	138.6
Equity Value	810.6	975.7
5-Day Average		
Gilt Edged Bargains	131.6	128.9
Equity Bargains	142.6	142.4
Equity Value	951.6	1090.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1314.7	1311.9	1320.4	1320.1	1320.3	1320.2	1317.1	1314.5

Day's High 1320.4. Day's Low 1308.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.61.

LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday June 10 1986: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Mon June 9 Index No.	Fri June 6 Index No.	Thur June 5 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (214)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (185)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Publishing & Printing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (102)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (736)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX ♦	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues June 10	Day's change %	Mon June 9	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked					
6 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Over 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TRADITIONAL OPTIONS

[illegible]

MONDAY'S ACTIVE STOCKS

[illegible]

YESTERDAY'S ACTIVE STOCKS

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (58)

BRITISH FUNDS (1) Exch 2½pc 1987. CORPORATION LOANS (1) Herts 6¾pc 1985/87. AMERICANS (1) Hasbro Inc. CANADIANS (1) Amer Barrick Res. BANKS (1) English Trust. BREWERS (2) Devenish (J. A.). Do 4.5pc Cnv 2nd Prf. BUILDINGS (2) Federated Housing. Hewden-Stuart 10pc Ln 2003/08. STORES (2) Allebone 3¾pc Cnv Cum Red Pf. Automagic, Wigfalls. ELECTRICALS (4) Electronic Machine, Feedback, Microfilm Reprographics, Miles 33. ENGINEERING (2) Boulton (Wm). Cooper (Fr). FOODS (2) Safeway, Slaters Food. INDUSTRIALS (9) Astra Indl, Avon Rubber, Blue Arrow, InfraRed Assoc, Lilleshall, Metal Box, Myson, PCT, Rauma-Repola Oy. LEISURE (1) Tottenham Hotspur. MOTORS (1) Western Motor. PAPER (5) Aspen Comms, Delyn Packaging, Hoggett Bowers, Hunterprint, Osborne and Little. PROPERTY (9) Daejan, Egerton Trust, Estates Prop 10¼pc Cnv Ln 1994, Gable House Prop 10¾pc Cnv 1995/99, Merivale Moore, Mountview Ests, Regalian, Scot Metropolitan, Sheraton Secs. TEXTILES (3) Atkins Bros, Bulmer and Lumb, Stoddard 10pc Cum Prf. TRUSTS (9) Ambrose Inv Cap, Baillie Gifford Shin Nippon, Ensign Trust B, Lowland Inv, M & G 2nd Dual Inc, New Throgmorton Inc, Do Cap, Rights and Issue Cap, Harvey and Thompson. MINES (1) Great Victoria Gold.

NEW LOWS (47)

BRITISH FUNDS (1) Treas 8pc 2009. AMERICANS (4) American Medical, Damson Oil, PHH, Rexnord. CANADIANS (1) Imperial Oil. CHEMICALS (1) Snia BPD. STORES (2) Amber Day, Liberty N/V. ELECTRICALS (2) Memec, Unitech. ENGINEERING (1) SPP. FOODS (3) Argyll Group, Glass Glover, Nichols (Vimto). INDUSTRIALS (5) Appledore (A. and P.), CCA Galleries, Dover Corp, Eastern Produce, TSL Thermal Syndicate. INSURANCE (3) Abbey Life, Lincoln Natl, Willis Faber. SHIPPING (4) Graig Shipping, Lyle Shipping, Do Pfd Ord, Sea Containers. TRUSTS (1) German Secs. OILS (3) Bridge Oil, Claremont Petroleum, LASMO 9¾pc Cum Red Pf. MINES (18)

BASE LENDING RATES

[illegible]

LONDON TRADED OPTIONS

[illegible]

WORLD STOCK MARKETS

CANADA

TORONTO

Prices at 2.30pm June 10

MONTREAL

Closing prices June 9

NEW YORK

Indices

** Saturday June 7: Japan Nikkei 16,899.01. TSE 1,311.78.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Montreal Portfolio 4/1/83. Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

TORONTO	June 10	June 9	June 7	June 6	1986 High	1986 Low
Metals & Minls	2,181.8*	2,204.2	2,218.84	2,180.5	2,442.85 (21/3/86)	2,025.3 (21/5/86)
Composite	3,051.2*	3,084.8	3,089.7	3,084.2	3,129.11 (18/4/86)	2,754.0 (17/2)
MONTREAL Portfolio	1,545.29*	1,552.63	1,575.28	1,578.81	1,623.33 (18/4/86)	1,386.6 (22/1)

* Indicates pre-close figure

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES			FALLS		
Atkins Bros.	210	+20	Tr 11¾% '91	£110⅝	− 1⅛
Cambridge Elect.	248	+ 8	Tr 12½% '03/05	£127¼	− 1¼
Coloroll	203	+ 7	Appleyard	148	− 7
Delyn Packag	115	+10	Brit. Aero	510	−13
Electrocomp	382	+ 7	BP	570	−10
Fed Housing	162	+12	Cadburry Schw	169	− 7
Fitch	430	+12	Costain	542	−24
Godwin Warren	100	+13	General Acc	790	−20
Lee Intl.	156	+ 6	ICI	915	−10
Metal Box	805	+51	Reed Intl.	951	−31
Schroders	750	+63	Royal Ins	844	−19
Western Motor	100	+20	Wedgwood	325	− 8

PLM blames Danish trade for earnings fall

BY OUR FINANCIAL STAFF

PLM, the Swedish packing group which suffered a setback to profits last year, reported lower earnings for the first four months of 1986.

Before appropriations and tax, profits for the four months dropped to SKr 12.4m ($1.71m) from SKr 29.9m in the comparable period of 1985. Sales for the four months were SKr 1.18bn, against SKr 1.09bn.

Last year PLM suffered a 24 per cent decline in pre-tax profits, but paid a higher dividend of SKr 5.80 a share, up from SKr 5.60

The group said its weak performance stemmed from problems encountered during 1985, notably in Denmark, where trading turned out to be much more difficult than expected.

PLM said that appropriate counter-measures have already been taken. Efforts have been made to curb costs, partly through a reduction in staff by 900.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 41

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

Prices at 3pm, June 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¼	12	AAR s	.44	1.8	23	74	24⅞	24⅜	24½	+ ⅛
30	21¾	ADT	.92	3.4		139	27½	26⅞	26⅞	− ⅝
28⅞	11½	AFG s			17	99	27⅛	26⅝	26⅝	− ⅝
25⅝	13⅛	AGS			15	151	21¼	20⅞	21	− ½
15	9⅞	AMCA				2	11¾	11¾	11¾	− ⅛
60⅝	37½	AMR			11	5558	54¼	53⅜	53⅞	
25¾	18⅝	AMR pf2.18		8.8		3	24¾	24¾	24¾	
27½	23¼	ANR pf 2.67		10.		1	25½	25½	25½	
12½	7⅝	APL			5	3	10½	10½	10½	+ ⅛
16¾	11⅛	ARX	.71t	5.2	12	89	13⅝	13⅜	13⅝	+ ¼
51⅜	32¾	ASA	2a	5.6		411	36	35⅝	35¾	+ ⅛
18⅜	10½	AVX		2.3		102	13⅞	13¾	13¾	
32	22⅝	AZP	2.72	10.	7	2300	27½	26½	27	− ½
47½	26⅝	AbtLb s			23	2773	46½	45½	46½	+ ¼
32	19⅝	AccoWd .50		1.7	20	89	29⅞	29⅝	29⅝	− ⅜
24¾	10	AcmeC .40		3.2		27	12⅝	12½	12⅝	+ ⅛
9¼	7	AcmeE .32b		4.1	19	20	8	7⅞	7⅞	
20¾	16⅞	AdaEx 1.90e		9.6		63	19⅞	19⅝	19¾	+ ⅛
31¾	15⅛	AdmMl .40		1.3	14	78	31	30¾	30¾	
20⅜	10¼	AdvSys .83t		4.6	17	28	18¼	17¾	18	
32⅞	22⅛	AMD				4577	24⅛	23¼	24⅛	+ ¼
12⅝	8¼	Adobe n				21	8⅝	8¼	8¼	− ¼
18⅜	14⅝	Adob pf 1.84		11.		4	16½	16½	16½	
20¼	15¼	Adob pf 2.40		13.		3	18¾	18¾	18¾	
18⅜	7⅛	Advest .12a		.8	13	589	16¼	15	16	− ¼
66¼	42⅞	AetnLf 2.64		4.7	10	3558	57⅞	56¼	56¾	− ¾
57½	52	AetL pf4.28e		8.2		40	52	52	52	− ¼
69¼	29	Ahmns 1.38		2.1	7	616	64½	63½	64¼	
23	9⅝	Ahmn wi				84	21¾	21½	21¼	− ⅜

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from Page 40

AMEX COMPOSITE PRICES

Prices at 3pm, June 10

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Additional ground surrendered

WORRIES over inflation, the uncertain pace of the US economy and the Mexican debt problems kept Wall Street stocks on the downward track yesterday, *writes Terry Byland in New York.*

However, there was little sign of the programmed selling of the previous session, and the blue chips staged a good rally at midday, despite weakness in some stock index futures.

At 3pm the Dow Jones industrial average was down 7.67 at 1,832.48.

Bonds, unsettled ahead of this week's batch of federal economic data, gave back most of the price recovery staged in very late trading on Monday.

Analysts were undecided as to whether this week's downturn marks the beginning of a significant correction, or merely a needed bout of profit-taking.

The financial sector was depressed by concern over the Mexican debt situation, also indicated by the dollar's weakness. Worries in the credit market over inflation prospects focused on the federal data on retail sales and producer prices, both due at the end of this week.

The Conference Board, an economic forecast unit, predicted economic growth of 4 per cent in the second half of this year, "heavily hinged on continuing high consumer confidence."

Turnover in the stock market remained moderate, but traders watched the stock futures markets with some concern. This week's loss on the Dow is still within the margins of a profit-taking phase.

The big investment institutions continued to sell yesterday, but firmness in IBM, up $⅝ at $147⅞, and Ford Motor, $1¼ better at $52, indicated selective buying. Reports that US officials, perhaps even including Mr Paul Volcker, the Fed chief, would visit Mexico to persuade its Government not to restrict interest payments, upset financial stocks again.

Manufacturers Hanover fell $1⅛ to $48⅝, Citicorp $1½ to $43½, J. P. Morgan $1⅞ to $82⅞ and Bankers Trust $1⅞ to $45⅝. American Express fell a further $1⅛ to $59¾, and insurance stocks, still badly upset by Florida legislation for a 40 per cent roll-back on premiums, were featured by a fall of $1⅛ to $59⅞ in Chubb, and of $⅞ to $56⅝ in Aetna Life & Casualty.

South African mining stocks eased, with high bullion prices counterbalancing the effects of the continued rioting in the republic.

But trading in the broad range of industrials was slow, and prices tried rally from the lows. The offical report on the Challenger space shuttle disaster had little effect on stocks involved. Morton Thiokol, manufacturer of the booster engines, edged up $⅛ to $37¼, with a leading analyst saying the company would benefit from the eventual renewal of shuttle construction.

Oils showed narrowly mixed changes as oil futures remained weak in New York.

Minnesota Mining fell $1 to $105½, but General Motors at $75¾ shed only $⅛ and Chrysler $⅛ to $35¼.

Retail issues looked unsure of themselves ahead of this week's official data on retail sales, which, some analysts say, could show the strongest monthly gain this year. Kmart, down $⅝ at $51⅝, and Federated Department Stores, $⅞ off at $80⅞, were two recent favourites to give ground.

Among the large department stores, J. P. Penney gave up $⅝ to $78¼ while Sears Roebuck at $46, shed $⅛.

Stock in Data General fell $⅝ to $39¼ after the news of workforce lay-offs and a $6m charge against earnings. Also among high-technology issues, Control Data lost $⅞ to $24¾ after forecasting a loss for the second quarter.

Bond markets were subdued by the disclosure that the Mexican President will appear on domestic television – an unusual move, assumed to be related to the July 1 deadline for the country's debt interest payments. Long-dated issues lost much of the recovery achieved late in the previous session. Short-dated issues showed mixed changes but saw little trade.

TOKYO

Sharp drop proves short-lived

A SHARP RETREAT was staged in Tokyo yesterday morning in response to the overnight tumble on Wall Street, but prices recouped most of the lost ground in the afternoon, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average lost 234 points at one stage before closing 40.65 points down at 16,967.69. Turnover continued high at 793m shares, compared with Monday's 669m. Declines outnumbered advances by 570 to 302, with 119 issues unchanged.

Share prices opened weak on a broad front. After a bout of early small-lot selling came to a halt, large securities house dealers and trust banks (through "specific money trust accounts") bought shares on weak prices, pulling the market out of the slump.

The afternoon rally was led by biotechnology issues. Kuraray soared Y100 to Y2,200 on heavy purchases by dealers, surpassing its previous high of Y2,160 reached on June 4. Kyowa Hakko climbed Y20 to Y1,970 and Nippon Kayaku Y60 to Y1,090.

Tokyo Gas, which is benefiting from the strong yen and cheaper oil, again topped the active list with 74.24m shares, gaining Y3 to Y438. Tokyo Electric Power eased Y70 in the morning but rallied later to close unchanged at Y4,020.

C. Itoh, which is to launch an international telecommunications business with General Motors of the US and Cable and Wireless of the UK, advanced Y18 to Y480. Toyota Motor also added Y120 to Y1,630.

Meanwhile, the low-priced, large-capital issues which had been performing well on active dealing by financial institutions, lost ground. Nippon Kokan closed unchanged at Y157 on volume of 25.20m shares, the third-largest on the active list. In sympathy, Kawasaki Steel eased Y4 to Y178, Nippon Steel Y7 to Y170 and Sumitomo Chemical Y3 to Y386.

Blue chips slipped on a wide front, with Hitachi losing Y5 to Y886 and Nippon Kogaku Y20 to Y1,130. But Matsushita Electric Industrial rose Y20 to Y1,520, and Nippon Gakki also soared Y120 to Y1,990, drawing strength from the expansion of the company's leisure-related division.

Trading bonds between banks and securities houses dominated the market in the absence of institutional investors.

The yield on the bellwether 6.2 per cent government bond due in July 1995 rose to 4.730 per cent from Monday's 4.725 per cent and that on the 5.1 per cent bond due in March 1996 to 4.935 per cent from 4.920 per cent.

SINGAPORE

HEAVY TRADING set the tone in Singapore where prices closed firm and the Straits Times industrial index gained 20.26 to 712.12. Second-line industrials such as tins and properties were generally slack.

TDM, the most active stock, gained 6 cents to S$1.39. Metal Box, which last week announced a one-for-four bonus issue, rose 50 cents to S$3.

Sime Darby gained 1 cent to S$1.41, and Singapore Trading rose 2 cents to S$3. OCBC gained 25 cents to S$7.3 while Singapore Airlines was unchanged at S$6.65.

Lee cautions, Page 3

HONG KONG

LATE bargain-hunting erased early losses in Hong Kong, and shares ended steady, with the Hang Seng index up 3.12 at 1,751.36 and the Hong Kong index up 2.62 to 1,091.97.

Utilities and trading houses were steady to higher, with HK Telephone gaining 20 cents to HK$12.20 and HK China Gas rising 40 cents to HK$15.40. China Light was unchanged at HK$15.80.

Hutchison Whampoa gained 20 cents to HK$28.40 while Jardine Matheson was steady at HK$12.30, as was Cathay Pacific at HK$5.45.

EUROPE

Record US fall fuels caution

THE MOOD turned cautious yesterday in Europe after the record overnight drop on Wall Street.

Frankfurt was further unsettled by thin trading, weaker than expected economic data and the weekend election in Lower Saxony. The Commerzbank index retreated 6.5 to 1,965.2.

A lower-than-expected rise of 1.6 per cent in first-quarter German GDP dampened domestic sentiment while the uncertainty of the dollar's medium-term direction forced many foreign operators to the sidelines.

The banking sector had the additional concern of possible Mexican debt repayment problems. Although US institutions would be the hardest hit in any debt difficulties, German banks would also suffer. Deutsche Bank, the largest retail bank in Germany, gave up DM 13 to DM 798 while Dresdner weakened DM 5 to DM 423 and Commerzbank dipped DM 1.50 to DM 321.50. Insurer Allianz retreated DM 20 to DM 2,435 on profit-taking.

Electricals were mixed, with AEG 50 pfg stronger at DM 320, while Siemens fell DM 1.80 to DM 624.

Hoechst led the chemical sector lower with its DM 3.80 fall to DM 289.50 extra rights.

VW suffered one of the largest losses among car makers with its DM 7.50 decline to DM 540.50 while in retailers Karstadt dropped DM 6 to DM 324.

Steels moved against the trend amid strong institutional order figures. Thyssen added DM 1 to DM 164, and Hoesch picked up 30 pfg to DM 176.

The bond market was quiet. Sporadic foreign buying was undermined by domestic selling after the sharp overnight retreat in the US credit markets.

Shorts were largely unchanged,but longs fell up to 30 basis points. The 6 per cent 30-year tranche of the new federal loan lost 30 basis points to 98.65 while the 5⅞ per cent 1996 tranche dipped 15 basis points to 99.50. The 6 per cent 1998 issue also lost 15 basis points to 101.95.

The Bundesbank market balancing operations consisted of purchases of DM 12.3m worth of domestic paper after Monday's sale of DM 68.4m.

Milan recovered amid statements from the Finance Minister ruling out the possibility of the early introduction of a capital gains tax on share dealing. Mr Bruno Visentini asserted that any law to introduce such a tax would only affect transactions initiated at an unspecified future date. He also denied any intention of introducing such a bill in the near future.

The spectre of a capital gains tax had unsettled many small investors recently and triggered a 9.2 per cent fall in the bourse on Monday.

Further good news came in the form of GDP data which revealed a real 1.5 per cent increase in the first quarter from the fourth quarter of last year.

In official bourse trading, Montedison dipped L14 to L2,800 after reports that it is in talks with Fermenta, the Swedish biotechnology group. Fiat shed L140 to L11,750.

After-bourse trading saw sharp gains across a broad front.

Paris remained mixed but displayed a firm undertone. Small investors took heart from bullish comments on the likely fortunes of the bourse by the Economics Minister. Banks, stores electricals and engineering issues were firm with builders and oils displaying some weakness.

Amsterdam was lower in lacklustre trading. The absence of overseas investors was much in evidence. Akzo retreated Fl 2 to Fl 165 despite expansion plans in Spain, and Unilever lost Fl 4 to Fl 465.

Brussels was preoccupied with the Government's austerity plan and its ability carry it out.

Petrofina fell BFr 20 to BFr 7,990 while Sofina dropped BFr 120 to BFr 9,400. Tractionel managed a BFr 100 rise to BFr 5,650 and Kredietbank gained BFr 225 to BFr 16,525.

Bekaert returned to trade after an order imbalance. The wire maker fell BFr 1,175 to BFr 10,725.

Zurich turned easier as professional and institutional investors moved to the sidelines. The impact of Wall Street's record drop was minimal. Swissair dipped SFr 10 to SFr 1,640 and UBS among the leading banks declined SFr 50 to SFr 5,450.

Stockholm was subdued with little interest from institutional buyers. Ericsson remained the most active and rose SKr 6 to SKr 271 following its success in the US digital exchange market. Fermenta dipped SKr 1 to SKr 173 amid talks with Monedison, and Volvo was unchanged at SKr 424.

Madrid was led higher by communications.

Italian equities, Lex, Page 20

LONDON

THE OVERNIGHT plunge on Wall Street and another set of dismal UK money statistics sent shares sharply lower in London, where the FT Ordinary index ended 15.1 down at 1,314.4.

Gilts showed closing falls stretching to 1¾ points. International and other blue chips were savaged by London dealers expecting a sell-off similiar to that experienced in the US market.

Among active issues Boots lost 2p to 245p, as did Jaguar, which ended at 508p. British Aerospace lost 13p to 510p while Cable & Wireless gained 5p to 665p.

Wedgwood lost 8p to 325p while Metal Box gained 51p to 805p. Rank Organisation gained 1p to 537p.

Chief price changes, Page 39: Details, Page 38; Share information Service, Pages 36–37

AUSTRALIA

CONTINUING bearishness led markets to close slightly easier in Sydney where the trend was to follow the overnight decline on Wall Street. The All Ordinaries index closed 8.2 down at 1,222.1.

BHP lost 6 cents to A$8.58 while Elders, a substantial shareholder, gained 20 cents to A$4.65.

Bell Resources rose 10 cents to A$4.40, and Adelaide Steamship, the other figure in recent bids to take over BHP, was steady at A$13.10.

Leading gold miners posted strong gains. Central Norseman rose 60 cents to A$8.30 while Gold Mines of Kalgoorlie gained 40 cents to A$8.60.

SOUTH AFRICA

THIN, CAUTIOUS trading featured in Johannesburg where gold shares closed mostly firmer.

Vaal Reefs gained R10 to R239 and Buffels R4.50 to R86, but against the trend Randfontein fell R4 to R276.

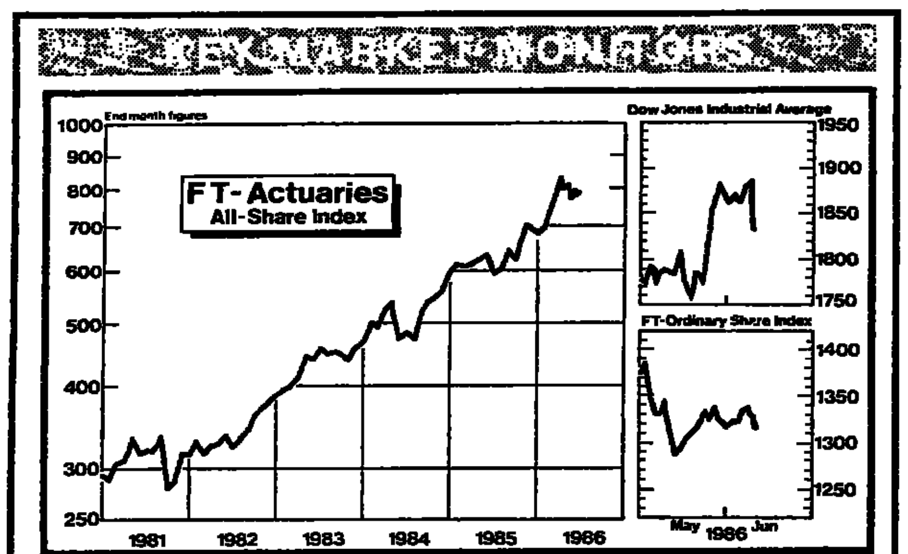
Platinum shares were also firm with Ruistenburg rising R1.35 to R35.10, while in diamonds De Beers gained 15 cents at R27.35. Driefontein gained 5 cents to R59

CANADA

MOST MAJOR share groups turned lower in active trading in Toronto. Industrials joined the broad retreat, and among actives Moore Corp lost C$⅝ to C$33½, Canadian Pacific fell C$¼ to C$16¾ and Bank of Nova Scotia eased C$⅛ to C$15⅝.

In Montreal most sectors retreated in sympathy.

KEY MARKET MONITORS



STOCK MARKET INDICES

	June 10	Previous	Year ago
NEW YORK			
DJ Industrials	1,832.48*	1,840.15	1,318.44
DJ Transport	772.75*	778.38	653.79
DJ Utilities	182.49*	183.89	163.67
S&P Composite	239.93*	239.96	189.51
LONDON			
FT Ord	1,314.4	1,329.5	998.4
FT-SE 100	1,586.4	1,604.6	1,299.6
FT-A All-share	785.22	792.95	619.30
FT-A 500	867.72	876.8	676.44
FT Gold mines	208.0	208.7	424.4
FT-A Long gilt	9.28	9.14	10.68
TOKYO			
Nikkei	16,967.69	17,008.34	12,683.3
Tokyo SE	1,311.33	1,316.29	1,004.9
AUSTRALIA			
All Ord.	1,222.1	1,230.2	858.3
Metals & Mins.	537.1	530.5	516.0
AUSTRIA			
Credit Aktien	n/a	119.37	100.48
BELGIUM			
Belgian SE	3,541.56	3,559.16	2,369.76
CANADA			
Toronto			
Metals & Minls	2,181.9*	2,204.2	1,936.0
Composite	3,051.2*	3,064.0	2,723.6
Montreal			
Portfolio	1,545.29*	1,552.63	133.48
DENMARK			
SE	228.13	229.76	193.18
FRANCE			
CAC Gen	344.1	343.0	230 7
Ind. Tendance	131.2	130.4	84.0
WEST GERMANY			
FAZ-Aktien	652.12	652.17	459.85
Commerzbank	1,965.2	1,971.4	1,356.6
HONG KONG			
Hang Seng	1,751.36	1,748.24	1,571.87
ITALY			
Banca Comm.	685.84	674.80	314.30
NETHERLANDS			
ANP-CBS Gen	265.4	288.2	213.4
ANP-CBS Ind	279.7	280.8	177.9
NORWAY			
Oslo SE	348.31	348.25	341.46
SINGAPORE			
Straits Times	712.12	691.86	803.21
SOUTH AFRICA			
JSE Golds	–	1,236.8	945.9
JSE Industrials	–	1,167.4	962.2
SPAIN			
Madrid SE	176.66	176.2	81.4
SWEDEN			
J & P	2,429.32	2,431.79	1,348.36
SWITZERLAND			
Swiss Bank Ind	558.3	560.7	435.3
WORLD	June 9	Prev	Year ago
MS Capital Int'l	315.8	319.4	213.0

COMMODITIES

(London)	June 9	Prev
Silver (spot fixing)	351.45p	343.85p
Copper (cash)	£952.25	£961.50
Coffee (July)	£1,831.50	£1,850.00
Oil (Brent blend)	$11.60	$11.55

GOLD (per ounce)

	June 10	Prev
London	$349.00	$342.00
Zürich	$348.25	$342.00
Paris (fixing)	$349.44	$342.68
Luxembourg	$348.75	$342.00
New York (Aug)	$351.20	$354.20

CURRENCIES

(London)	US DOLLAR June 10	US DOLLAR Previous	STERLING June 10	STERLING Previous
$	–	–	1.518	1.498
DM	2.2185	2.2355	3.3675	3.35
Yen	166.85	167.85	253.25	251.5
FFr	7.0725	7.12	10.735	10.665
SFr	1.827	1.844	2.7725	2.7625
Guilder	2.499	2.516	3.¯35	3.77
Lira	1,523.0	1,533.0	2,312.0	2,296.5
BFr	45.25	45.65	68.7	68.4
C$	1.3895	1.393	2.109	2.089

INTEREST RATES

	June 10	Prev
Euro-currencies (3-month offered rate)		
£	9$\frac{13}{16}$	9$\frac{11}{16}$
SFr	4⅞	4$\frac{15}{16}$
DM	4$\frac{9}{16}$	4⅝
FFr	7$\frac{7}{16}$	7$\frac{7}{16}$
FT London Interbank fixing (offered rate)		
3-month US$	7⅛	7$\frac{1}{16}$
6-month US$	7$\frac{3}{16}$	7$\frac{1}{16}$
US Fed Funds	6$\frac{13}{16}$*	7
US 3-month CDs	6.75*	6.65
US 3-month T-bills	6.275*	6.305

US BONDS

Treasury

		June 10* Price	June 10* Yield	Prev Price	Prev Yield
7⅛	1988	99$\frac{19}{32}$	7.35	99$\frac{18}{32}$	7.4
7¼	1993	96$\frac{25}{32}$	7.98	96$\frac{21}{32}$	8.01
7¼	1996	95 $\frac{6}{32}$	8.08	94$\frac{29}{32}$	8.13
7¼	2016	93$\frac{19}{32}$	7.81	93$\frac{24}{32}$	7.79

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	June 10* Day's change	Yield	Day's change
1–30	147.17	−0.32	8.08	+0.04
1–10	141.57	−0 09	7.88	+0.03
1– 3	134.65	−0.03	7.51	+0.02
3– 5	143.22	−0.09	8.13	+0.03
15–30	167.37	−1.23	8.73	+0.08

Source: Merrill Lynch

Corporate	June 10* Price	June 10* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	90	6.74	90¼	6.61
SCBT South Central				
10⅞ Jan 1993	104⅞	8.65	105.12	8.35
Phibro-Sal				
8 April 1996	94.165	8.9	94.79	8.8
TRW				
8¾ March 1996	99.33	8.85	99.33	8.85
Arco				
9⅞ March 2016	101	9.77	101½	9.72
General Motors				
8⅛ April 2016	88⅜	9.25	89⅜	9.18
Citicorp				
9⅜ March 2016	96½	9.7	96⅞	9.7

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	91–29	92–16	91–14	92–07
US Treasury Bills (IMM)				
$1m points of 100%				
Sept	93.75	93.81	93.73	93.76
Certificates of Deposit (IMM)				
$1m points of 100%				
June	93.25	93.25	93.25	93.21
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	92.94	92.95	92.91	93.00
20-year Notional Gilt				
£50,000 32nds of 100%				
June	122–13	123–31	122–24	124–17

* Latest available figures